

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF NEW CARROLLTON, MARYLAND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CITY OF NEW CARROLLTON, MARYLAND
New Carrollton, Maryland
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Year Ended June 30, 2016

Prepared by:
Maisha Williams
Director of Finance & Accounting

CITY OF NEW CARROLLTON, MARYLAND
For The Year Ended June 30, 2016
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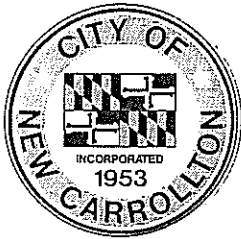
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INTRODUCTORY SECTION



CITY OF NEW CARROLLTON

6016 PRINCESS GARDEN PARKWAY • NEW CARROLLTON, MARYLAND 20784-2898

Phone (301) 459-6100

Fax (301) 459-8172

November 30, 2016

Mayor

Andrew C. Hanko

CITY COUNCIL

Sarah Potter Robbins
Chairman

Lincoln Lashley
Vice Chair

Richard Bechtold
Mayor Pro Tem

Duane H. Rosenberg
Alternate Treasurer

Katrina R. Dodro
Councilmember

CITY STAFF

Joe Nagro, Interim
City Administrative Officer

Tim George, Assistant
City Administrative Officer

David G. Rice
Chief of Police

Bernard Cochran
Director of Public Works

Brennan, McKenna, Manzi, Shay,
Levan, Chtd.
City Law Firm

Douglass A. Barber
City Clerk

Honorable Chairman and Members of the City Council
City of New Carrollton, Maryland:

The City Charter, Section C-14 Budget and Finance, paragraph (e), requires that the financial books and accounts of the City be audited annually in accordance with applicable State laws and the requirements of the City Council. The City Council has elected to have its financial statements prepared in accordance with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by a certified public accountant. We hereby issue the comprehensive annual financial report (CAFR) for the year ended June 30, 2016.

City management assumes full responsibility for the accuracy, completeness, fairness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and changes in financial position of the City; and, that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been provided.

Bridgett, Mock & Associates, P.A. a firm of licensed certified public accountants, has audited the City of New Carrollton, Maryland's financial statements. The independent auditor's report is included with the City's financial statements in the Financial Section of this report. The audit was conducted in accordance with auditing standards generally accepted in the United States of America. On the basis of this examination, the independent auditors have issued an unmodified opinion that the presentation of the basic financial statements conforms to accounting principles generally accepted in the United States. In conducting the audit, the auditors performed tests of the accounting records and such other procedures as were considered necessary in the circumstances to provide a reasonable basis for the opinion on the financial statements. The auditors also assessed the accounting principles used and the significant estimates made by management, as well as evaluated the overall financial statement presentation.

Management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the Financial Section of this report.

PROFILE OF THE GOVERNMENT

The City of New Carrollton is located in central Prince George's County, Maryland, approximately eight miles northeast of Washington, D.C. With a population of 12,786 and a land area of 1.5 square miles, New Carrollton is the seventeenth largest municipality in Maryland and the sixth largest in Prince George's County.

The City was incorporated on April 11, 1953, by an act of the Maryland General Assembly and granted a Charter as the City of Carrollton. On February 17, 1965, a resolution was introduced in the City Council for an amendment to the City Charter that would change the name of the City from "Carrollton" to "New Carrollton." A public hearing was held on the name change, and on April 7, 1965, the City Council approved the change. The issue of the new name was brought to referendum and was subsequently approved by the voters on May 2, 1966.

Another significant legal change occurred in 1970 when the citizens voted to alter the form of government. In May 1971, a new City Charter became effective changing the government from a commission to a Mayor and Council form. The duties of the Mayor and City Council were expressly defined, separating executive and legislative functions.

The Mayor is the City's chief executive officer, directing the administration of the municipal services of general government, including City administration, public works and public safety (police). The Mayor is not a member of the City Council and has no vote at Council sessions. The Mayor, however, has veto power over any ordinance or resolution passed by the Council. The Mayor appoints, with the advice and consent of the City Council, all City officers. The Mayor proposes and executes the budget.

The City Council, in its legislative role, adopts all ordinances and resolutions and establishes the general policies for the City. The Council may also override an executive veto, and it must grant all special exceptions or variances to any ordinance. The City Council sets the tax rate and approves and adopts the budget. Another duty includes the annual appointment of the City Auditor. The Council may investigate or call for an accounting of any action by the Mayor and the executive department. The Mayor and members of the City Council serve on a part-time basis.

The programs of the City government are carried out through three major departments (administrative, police, and public works), headed by a full-time City Administrative Officer, Police Chief, and a Director of Public Works. These officials are responsible directly to the Mayor. All work priorities are set by the Mayor within the limitations imposed by the budget and the City Council. The Mayor is also assisted in operating the City by an appointed City Treasurer, a designated Law firm, and Engineering firm. The Board of Elections is a semi-autonomous body

appointed by the Mayor with approval of the Council. Official City committees, such as the Welcome Committee, the Ethics Commission, the Zoning and Appeals Board, and the Weinbach Scholarship Committee are comprised of citizen volunteers. These committees perform important functions and advise the Mayor and City Council in their respective areas of expertise. The City's operating philosophy has been one, which encourages the greatest possible input and participation.

ECONOMIC CONDITION AND OUTLOOK

New Carrollton has three commercial shopping centers within its boundaries; all have seen steady tenancy and sales volume. As a result, the number of jobs created within the City has remained relatively constant. The City welcomed a new national restaurant/retailer, Chipotle, which added 15-20 new jobs, approximately.

The City of New Carrollton's local economy is impacted by several major regional factors, the largest of which is the housing market for Northern Prince George's County. The housing market continues to improve and the City received its triennial assessment of properties, with the outlook for FY 2016-2019 looking positive, entering the first year of the triennial property assessment cycle. In addition, the City receives a large portion of its revenues from state income taxes. As a result, the City is beholden to state income tax collections and the state's employment economy as a whole.

The economy of the surrounding metropolitan area is dominated by the presence of the United States Federal Government. As such, the State of Maryland and the City of New Carrollton are impacted by decisions made at the federal level.

In August of 2015, the City did a bond refunding that saved the City \$86,000.

LONG-TERM FINANCIAL PLANNING

In its first year of its triennial real estate property assessment cycle, the City maintained the constant yield rate for Fiscal Year 2016. The City has adequate reserves to handle projected road repairs and sidewalk replacements expected to arise in future fiscal years. The City also has a superb debt ratio allowing it to borrow funds at low interest rates should the need arise.

The City is endeavoring to take a longer-range and more structured approach to capital planning.

RELEVANT FINANCIAL POLICIES

The City adopted a Debt Management Policy which incorporates fiscal policies contained in the City Charter with newly established policies. The City also follows an Investment Policy of long standing.

The City is in the process of revising the Procurement and Purchase Order System for purchases over \$1,000.

MAJOR INITIATIVES

During the FY 2016, the City undertook the following major project initiatives:

- The City annexed the West Lanham Hills Volunteer Fire Department (7609 Annapolis Road, Hyattsville, Maryland 20784).
- The City is closing-out the PY40 CDBG Program.

The City expended approximately \$668,000 in capital equipment funds.

AWARDS AND ACKNOWLEDGEMENTS

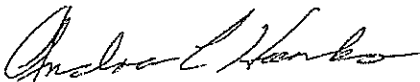
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of New Carrollton, Maryland for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the thirty-fourth consecutive year that the City has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Administrative Department. I want to express my sincere appreciation to all the members of the Department who assisted in and contributed to its preparation and to all employees of the City for their cooperation throughout the year in supporting the financial goals of the City. I would also like to thank the City Council for their interest and support in planning the financial operations of the City.

Respectfully submitted,



Mayor
City of New Carrollton



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of New Carrollton
Maryland**

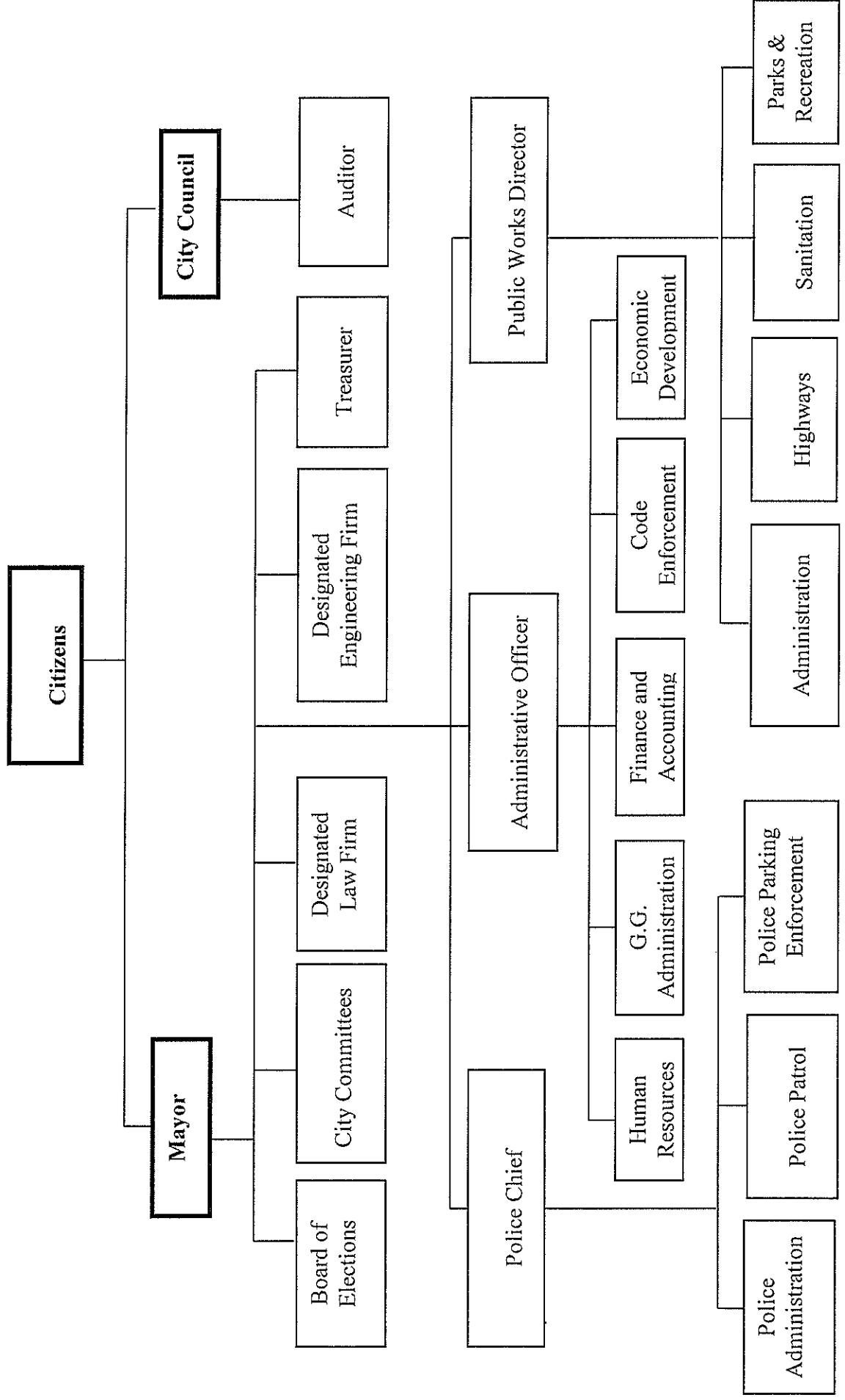
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive.

Executive Director/CEO

CITY OF NEW CARROLLTON, MARYLAND
ORGANIZATIONAL CHART
For The Year Ended June 30, 2016



**CITY OF NEW CARROLLTON, MARYLAND
LIST OF ELECTED AND APPOINTED OFFICIALS
For The Year Ended June 30, 2016**

MAYOR

Andrew C. Hanco

CITY COUNCIL

Sarah Potter Robbins, Chairperson
Lincoln Lashley, Vice Chairperson
Richard Bechtold, Mayor Pro-Tem
Duane H. Rosenberg, Alternate Treasurer
Katrina R. Dodro, Council Member

CITY TREASURER

Cheryl D. Dawes

INTERIM CITY ADMINISTRATIVE OFFICER

Joseph L. Nagro

CITY LAW FIRM

Brennan, McKenna, Manzi, Shay, Levan, Chartered

PUBLIC WORKS DIRECTOR

Bernard "Wilson" Cochran

POLICE CHIEF

Col. David G. Rice

INDEPENDENT AUDITORS

Bridgett, Mock & Associates, P.A.

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of New Carrollton
New Carrollton, Maryland

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and the budgetary comparison for the general fund of the City of New Carrollton, Maryland, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the City of New Carrollton, Maryland, as of June 30, 2016, and the respective changes in financial position and the budgetary comparison for the general fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 - 19 and additional information required for the pension on pages 57 - 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Carrollton, Maryland's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Bridget Mock & Associates, P.A.

Waldorf, Maryland
November 30, 2016

CITY OF NEW CARROLLTON, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2016

INTRODUCTION

This section of the City of New Carrollton's annual financial report presents a discussion and analysis, prepared by the City's senior management, of the financial performance for the year ended June 30, 2016. The Management's Discussion and Analysis (MD&A) is best understood if read in conjunction with the transmittal letter and the City's basic financial statements. We encourage users to read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

The City adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB) that relate to pension activity in fiscal year 2015.

- Statement No. 68, *"Accounting and Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27,"* and
- Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68"*.

Statement No. 68 (Statement) establishes standards of accounting and financial reporting, but not funding or budgetary standards, for the City's defined benefit pension plan. This Statement replaces the requirements of prior GASB statements impacting accounting and disclosure of pensions.

The significant impact to the City of implementing Statement No. 68 is the reporting of the City's unfunded pension liability on the City's full accrual basis of accounting government-wide financial statements. There are also new note disclosure requirements and supplementary schedules required by the Statement.

Contributions made by the City during fiscal year 2015 – 2016 are reported as deferred outflows of resources in accordance with Statement No. 71.

The adoption of Statement No. 68 has no impact on the City's governmental fund financial statements, which continue to report expenditures equal to the amount of the City's actuarially determined contribution (formerly referred to as the "annual required contribution"). The calculation of pension contributions is also unaffected by this Statement.

**CITY OF NEW CARROLLTON, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2016**

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2016

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$11,159,167 (*net position*). Of this amount, \$4,703,420 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors. The City's total net position increased by \$242,130.
- As of the close of the current fiscal year, the City's governmental funds reported an ending fund balance of \$10,026,542, an increase of \$154,477 in comparison to the prior year.
- The City's Police Department has a patrol staff of 18 for 24 hours a day, 7 days a week. The Police Department purchased three new vehicles.
- During the current fiscal year, the City's long-term debt (excluding pension liability and compensated absences) decreased by \$236,379. The decrease was due to the principal payments on existing debt and the refunding of existing debt.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. This Annual Financial Report (AFR) consists of two sections - Financial and Statistical. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and, 3) notes to the financial statements. This AFR also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements, which are the *Statement of Net Position* and the *Statement of Activities*, provide information about the activities of the City as a whole. They present both short-term and long-term information about the City's overall financial status. They provide readers with a broader overview of the City's finances in a manner similar to a private-sector business entity.

CITY OF NEW CARROLLTON, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2016

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position and condition of the City is improving or deteriorating.

The *Statement of Activities* presents information on how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for certain items that will result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financials include only the City because the City has no component unit relationships with any other governmental agency. The government-wide financials can be found on pages 20 and 21 of this AFR.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds – *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, *governmental fund* financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements.

The City only operates one governmental fund, the General Fund. Information is presented for this fund in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance.

The City adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements and statement of budgetary comparison can be found on pages 22 - 34 of this AFR.

Proprietary funds – The City operates no proprietary funds.

Fiduciary funds – The City operates no fiduciary funds.

**CITY OF NEW CARROLLTON, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2016**

Summary of significant accounting policies and notes to the financial statements – The summary and notes to the government-wide and fund financial statements provide additional information that is essential to a full understanding of this AFR. They can be found on pages 35 - 55 of this AFR.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required information related to the City of New Carrollton's net pension liability. This information can be found on pages 57 and 58 of this Report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year ended June 30, 2016 with comparative information for the previous fiscal year.

As noted earlier, net position may serve, over time, as a useful indicator of a government's overall financial condition and position. In the case of the City, assets exceeded liabilities by \$11,159,167 at the close of the most recent fiscal year. The City's net position is divided into three categories: 1) net invested in capital assets; 2) restricted net position; and 3) unrestricted net position.

The City's investment in capital assets, net of depreciation and any unamortized debt used to acquire those assets represents approximately 42.1% of total net position. The City uses these assets to provide services to the citizens of the City. Consequently, these assets are not available for future spending.

Restricted net position is resources that are subject to external restrictions on how they may be used. Restricted net position represents 15.7% of net position and are restricted for street improvements, scholarships to the City's youth, public safety expenses, and cable equipment.

Unrestricted net position of the City represents approximately 42.2% of the City's total net position. The City may use the net position to meet the City's ongoing obligations to citizens and creditors.

**CITY OF NEW CARROLLTON, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2016**

Figure 3 presents a summary of the Statement of Net Position for the City as of June 30, 2016 and 2015, respectively:

Figure 3

	<u>Total Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Assets		
Current and other assets	\$ 10,926,710	\$ 11,066,851
Land	760,825	760,825
Capital assets, net	4,504,593	4,312,121
Total Assets	<u>16,192,128</u>	<u>16,139,797</u>
Deferred Outflows of Resources	<u>606,733</u>	<u>346,535</u>
Liabilities		
Long-term liabilities outstanding	4,809,572	4,482,277
Other liabilities	609,614	863,711
Total Liabilities	<u>5,419,186</u>	<u>5,345,988</u>
Deferred Inflows of Resources	<u>220,508</u>	<u>223,307</u>
Net Position		
Net investment in capital assets	4,702,695	4,348,185
Restricted	1,753,052	1,288,839
Unrestricted	<u>4,703,420</u>	<u>5,280,013</u>
Total Net Position	<u>\$ 11,159,167</u>	<u>\$ 10,917,037</u>

CITY OF NEW CARROLLTON, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2016

General revenues of governmental activities were approximately \$6.3 million, while total expenses, net of charges for services and grants, were approximately \$6.0 million. The increase in net position for governmental activities was \$242,130. Revenues from property taxes decreased by \$117,607 over the prior year. Expenses increased in Fiscal Year 2016 over 2015 by \$1,126,368. Figure 4 presents statement of governmental activities for the City as of June 30, 2016 and 2015, respectively.

Figure 4
Total Governmental Activities

	<u>2016</u>	<u>2015</u>
Revenues		
Program revenues		
Charges for services	\$ 1,741,005	\$ 1,485,337
Operating grants and contributions	571,559	555,113
Capital grants and contributions	46,390	75,647
General revenues		
Property tax	4,993,224	5,110,831
Shared taxes	1,145,291	1,080,762
Miscellaneous	58,599	2,732
Investment earnings	78,785	3,220
Total Revenues	<u>8,634,853</u>	<u>8,313,642</u>
Expenses		
General government	1,636,175	1,588,305
Public health code enforcement	367,392	416,555
Public safety police services	3,015,512	2,382,900
Public works	1,023,506	645,230
Highways	651,402	573,711
Sanitation	1,100,000	1,070,814
Parks and recreation	536,456	514,642
Weinbach scholarship	2,000	2,000
Interest	60,280	72,198
Total Expenses	<u>8,392,723</u>	<u>7,266,355</u>
Change in net position	242,130	1,047,287
Net position, beginning	10,917,037	11,866,187
Prior period adjustment	<u>-</u>	<u>(1,996,437)</u>
Net position, beginning	<u>10,917,037</u>	<u>9,869,750</u>
Net position, ending	<u>\$ 11,159,167</u>	<u>\$ 10,917,037</u>

**CITY OF NEW CARROLLTON, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2016**

Figure 5 represents the cost and program revenues of each of the City's activities for the years ending June 30, 2016 and 2015. This table also shows each activity's net cost (total cost less fees generated by the activities and program specific intergovernmental aid). The net cost shows the financial burden placed upon local taxpayers for each of these functions.

Figure 5

Net Cost of Governmental Activities – Year Ending June 30, 2016

	<u>Services</u>	<u>Revenues</u>	<u>Cost of Services</u>
General government	\$ 1,636,175	\$ 383,055	\$ 1,253,120
Public health code enforcement	367,392	286,788	80,604
Public safety police services	3,015,512	1,003,326	2,012,186
Public works	1,023,506	-	1,023,506
Highways	651,402	275,117	376,285
Sanitation	1,100,000	363,778	736,222
Parks and recreation	536,456	46,390	490,066
Weinbach scholarship	2,000	500	1,500
Interest on long-term debt	60,280	-	60,280
Total	<u><u>\$ 8,392,723</u></u>	<u><u>\$ 2,358,954</u></u>	<u><u>\$ 6,033,769</u></u>

Net Cost of Governmental Activities – Year Ending June 30, 2015

	<u>Services</u>	<u>Revenues</u>	<u>Cost of Services</u>
General government	\$ 1,588,305	\$ 386,610	\$ 1,201,695
Public health code enforcement	416,555	286,052	130,503
Public safety police services	2,382,900	763,957	1,618,943
Public works	645,230	-	645,230
Highways	573,711	237,993	335,718
Sanitation	1,070,814	365,338	705,476
Parks and recreation	514,642	75,647	438,995
Weinbach scholarship	2,000	500	1,500
Interest on long-term debt	72,198	-	72,198
Total	<u><u>\$ 7,266,355</u></u>	<u><u>\$ 2,116,097</u></u>	<u><u>\$ 5,150,258</u></u>

The total cost of all governmental activities this year was approximately \$8.4 million. Some costs of government activities were paid by those who directly benefited from the programs (\$1,741,005) and other governments and organizations that subsidized certain programs with grants and contributions (\$617,949).

**CITY OF NEW CARROLLTON, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2016**

GOVERNMENT FUND FINANCIAL ANALYSIS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund - The focus of the City's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2016, the City reported a fund balance of \$10,026,542, an increase of \$154,477 over the prior fiscal year. The general fund is the chief operating and only fund of the City. Of the fund balance, \$80,452 is nonspendable due to prepaid expenses at year end, \$1,753,052 is restricted due to external restrictions as to usage, \$250,000 is committed due to the restrictions placed upon it by the Mayor and Council of New Carrollton, \$3,693,843 is classified as assigned, and the unassigned fund balance is \$4,249,195. The City's Charter established an operating reserve of \$250,000 which can only be spent in the last three months of the fiscal year if necessary. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 50.1% of total general fund expenditures, while total fund balance represents 118.1% of that same amount.

Total revenues increased by \$446,900 or 5.5% over the preceding year. Taxes increased by \$155,272 and fines and forfeitures revenues increased by \$266,704 over the preceding year. Total expenditures increased by \$917,039 or 12.1% over the preceding year.

General fund budgetary highlights

During the fiscal year, the City made several amendments to the General Fund original approved budget. On a budgetary basis, actual revenues for the fiscal year were less than the final budget by \$1,272,553. Actual general fund expenditures were \$1,427,030 less than revised budget authorization. The budget was amended to include several capital projects expected to occur in fiscal year 2016 which were delayed. The majority of the funding for those capital projects was coming from the assigned fund balances.

Actual highway user revenues and income tax revenues exceed the budgeted amount by \$242,633 due to higher than expected revenues from the state. Actual speed camera revenue exceeded the budgeted amount by \$134,689. The positive variance of \$378,975 between expected and actual expenditures in the highway department is attributable to the temporary delay in street, sidewalk and bridge repairs which is expected to be done in the next fiscal year.

An analysis of the budget and actual revenues and expenditures can be found on pages 26 - 34.

**CITY OF NEW CARROLLTON, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2016**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

As of June 30, 2016, the City had approximately \$5.3 million invested in net capital assets including land, buildings, computers, infrastructure, park facilities, vehicles, and equipment. During the year ended June 30, 2016, the City purchased \$667,795 of capital assets and had total depreciation expense of \$506,862.

Figure 6 displays a summary of governmental activities capital assets by type as of June 30, 2016 and 2015.

Figure 6
Capital Assets, Net of Depreciation
Total Government Activities

	2016	2015
Land	\$ 760,825	\$ 760,825
Buildings	1,352,707	1,428,801
Improvements other than buildings	118,095	137,581
Street and infrastructure	1,338,271	1,382,458
Equipment	1,669,961	1,318,590
Software	25,559	44,691
Total	<u>\$ 5,265,418</u>	<u>\$ 5,072,946</u>

Additional information on the City's capital assets can be found in Note 5, pages 43 - 44 of this AFR.

Debt

As of June 30, 2016, the City had total debt outstanding of \$4,809,572. Of this amount, \$538,000 is comprised of a bonds payable to the Community Development Administration, \$1,447,643 of bonds payable to Sun Trust Bank, \$24,723 in notes payable to PNC, a local commercial bank, and the net pension liability for the City of \$2,584,686. The remaining \$214,520 represents amounts due to City employees for accrued compensated absences.

The City's net pension liability totaled \$2,584,686, an increase of \$544,540 from the previous year.

**CITY OF NEW CARROLLTON, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2016**

Figure 7 displays a summary of governmental activities long-term debt by type as of June 30, 2016 and 2015.

**Figure 7
Long-Term Debt
Total Government Activities**

	<u>2016</u>	<u>2015</u>
Loans payable	\$ 24,723	\$ 126,261
Bonds payable	1,985,643	2,120,484
Net pension liability	2,584,686	2,040,146
Compensated absences	214,520	195,386
Total	<u><u>\$ 4,809,572</u></u>	<u><u>\$ 4,482,277</u></u>

Additional information on the City of New Carrollton's long-term debt can be found in Note 6 on pages 44 - 46 of this AFR.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Real property tax revenues in Fiscal Year 2017 are expected to be similar to prior year. The property tax rate has remained \$0.6652 per \$100 of assessed value. The City does not expect any increase in the state and county shared revenues. The City continues to collect a service fee on trash collection for single family homes and condominiums that will bring an estimated \$363,500 in revenue. There is an expected increase of \$37,000 in fines and forfeitures from speed camera revenue.
- For Fiscal Year 2017, personnel costs including a cost of living adjustment, health insurance, workman compensation insurance, and state retirement contribution premiums is expected to increase 3%.
- The City is committed in growing the tax base of the commercial properties. The City assigned \$1 million of its fund balance in Fiscal Year 2014 to an incentive program. These economic incentives will be provided to a targeted growth area known as the New Carrollton Area Revitalization District or NARD. The City is pursuing annexing the commercial district along the 450 corridor, as well as the commercial area around the Metro Station.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide residents, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions, please contact the City's Finance and Accounting Department at (301) 459-6100.

CITY OF NEW CARROLLTON, MARYLAND
STATEMENT OF NET POSITION
June 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,257,538
Investments	8,739,848
Cash, restricted	42,320
Receivables, net	363,591
Prepaid expenses	80,452
Due from other governments	442,961
Land	760,825
Capital assets, net of accumulated depreciation	<u>4,504,593</u>
Total Assets	<u>16,192,128</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pensions	<u>606,733</u>
LIABILITIES	
Accounts payable	217,556
Accrued expenses	212,746
Unearned revenue	178,361
Due to other governments	951
Non-current liabilities	
Due within one year	342,289
Due in more than one year	<u>4,467,283</u>
Total Liabilities	<u>5,419,186</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred pensions	<u>220,508</u>
NET POSITION	
Net investment in capital assets	4,702,695
Restricted for	
Weinbach scholarship	42,320
Public safety	227,653
Street improvements	1,039,518
Cable equipment	443,561
Unrestricted	<u>4,703,420</u>
TOTAL NET POSITION	<u><u>\$ 11,159,167</u></u>

These financial statements should be read only in connection with
the accompanying summary of significant accounting policies
and notes to financial statements.

CITY OF NEW CARROLLTON, MARYLAND
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
General government	\$ 1,636,175	\$ 259,026	\$ 124,029	\$ -	\$ (1,253,120)
Public health code enforcement	367,392	286,788	-	-	(80,604)
Public safety police services	3,015,512	815,273	188,053	-	(2,012,186)
Public works	1,023,506	-	-	-	(1,023,506)
Highways	651,402	16,140	258,977	-	(376,285)
Sanitation	1,100,000	363,778	-	-	(736,222)
Parks and recreation	536,456	-	-	46,390	(490,066)
Weinbach scholarship	2,000	-	500	-	(1,500)
Interest on long-term debt	60,280	-	-	-	(60,280)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 8,392,723	\$ 1,741,005	\$ 571,559	\$ 46,390	(6,033,769)
GENERAL REVENUES					
Property taxes					4,993,224
Income taxes					983,448
Other taxes					161,843
Miscellaneous					58,599
Unrestricted investment earnings					78,785
Total General Revenues					6,275,899
CHANGE IN NET POSITION					242,130
NET POSITION, BEGINNING					10,917,037
NET POSITION, ENDING					\$ 11,159,167

These financial statements should be read only in connection with
the accompanying summary of significant accounting policies
and notes to financial statements.

CITY OF NEW CARROLLTON, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,257,538
Investments	8,739,848
Cash restricted	42,320
Receivables, net	363,591
Prepaid expenses	80,452
Due from other governments	<u>442,961</u>
TOTAL ASSETS	<u><u>\$ 10,926,710</u></u>
LIABILITIES	
Accounts payable	\$ 217,556
Other liabilities	203,117
Unearned revenue	178,361
Due to other governments	<u>951</u>
Total Liabilities	599,985
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue property and income taxes	<u>300,183</u>
Total Deferred Inflows Of Resources	300,183
FUND BALANCES	
Nonspendable	80,452
Restricted	1,753,052
Committed	250,000
Assigned	3,693,843
Unassigned	<u>4,249,195</u>
Total Fund Balances	<u><u>10,026,542</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 10,926,710</u></u>

These financial statements should be read only in connection with
the accompanying summary of significant accounting policies
and notes to financial statements.

CITY OF NEW CARROLLTON, MARYLAND
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2016

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS \$ 10,026,542

Amounts reported for governmental activities in the Statement of Net
Position are different because

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported as assets in governmental
funds. The cost of these assets is \$10,901,629 and the accumulated
depreciation is \$5,636,211. 5,265,418

Payments made for pension system reduce the long-term liability on the
Statement of Net Position but are treated as expenditures in the funds.
This is the amount of deferred outflows of resources. 606,733

Long-term liabilities are not due and payable in the current period, and
therefore, are not reported as liabilities in the funds. (4,809,572)

Interest on long-term debt is not accrued in governmental funds, but
rather is recognized as an expenditure when due. (9,629)

Deferred inflows of resources related to pension liability and earnings on
pension plan investments are not reported on fund financial statements. (220,508)

Certain receivables are offset by unavailable revenue in the governmental
funds since they are not available to pay for current-period expenditures.
This is the amount of deferred inflows of resources. 300,183

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 11,159,167

These financial statements should be read only in connection with
the accompanying summary of significant accounting policies
and notes to financial statements.

CITY OF NEW CARROLLTON, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2016

	<u>General Fund</u>
REVENUES	
Taxes	\$ 6,430,166
Licenses and permits	253,671
Intergovernmental	241,955
Revenues from other agencies	121,945
Charges for services	677,207
Fines and forfeitures	793,987
Investment earnings	78,786
Miscellaneous	<u>43,700</u>
Total Revenues	8,641,417
EXPENDITURES	
General government	1,493,197
Public health code enforcement	345,432
Public safety police services	3,018,865
Public works	1,022,723
Highways	627,682
Sanitation	1,151,994
Parks and recreation	530,806
Weinbach scholarship	2,000
Debt service	
Principal	236,380
Interest	<u>57,861</u>
Total Expenditures	<u>8,486,940</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	154,477
OTHER FINANCING SOURCES (USES)	
Issuance of debt	598,500
Repayment of debt	<u>(598,500)</u>
Total Other Financing Sources (Uses)	<u>-</u>
NET CHANGE IN FUND BALANCE	154,477
FUND BALANCE, BEGINNING OF YEAR	<u>9,872,065</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 10,026,542</u></u>

These financial statements should be read only in connection with
the accompanying summary of significant accounting policies
and notes to financial statements.

**CITY OF NEW CARROLLTON, MARYLAND
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2016**

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS	\$ 154,477
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Amounts reported for governmental activities in the Statement of
Activities are different because

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay \$667,795 exceeds depreciation expense \$506,862 in the period.	160,933
--	---------

Long-term debt repayments are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of long-term debt repayments for 2016.	834,879
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Long-term debt refinancings are income in the governmental funds, but the proceeds increase the long-term liabilities in the Statement of Net Position. This is the amount of long-term proceeds for 2016.	(598,500)
--	-----------

Some expense in the statement of activities do not require the use of current financial resources and, therefore, are not reported as an expenditure in the governmental funds. This is the amount by which accumulated long-term unused compensated absences increased.	(19,134)
--	----------

Pension expense pertaining to the net pension liability does not require the use of financial resources and, therefore, is not reported in the governmental funds.	(281,543)
--	-----------

Interest expense in the Statement of Activities differs from the amount reported in governmental funds due to the net change in accrued interest.	(2,419)
---	---------

The net effect of various transactions involving capital assets (i.e., sales and trade-in) is to decrease net position.	31,539
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Under the modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance current expenditures. Accrual-basis recognition is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. This adjustment records a net decrease in "unavailable" revenues at the end of the year over the amount at the beginning of the year.	(38,102)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 242,130
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These financial statements should be read only in connection with
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and notes to financial statements.

CITY OF NEW CARROLLTON, MARYLAND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) – GENERAL FUND
For The Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Taxes				
General property taxes				
Real property	\$ 4,466,506	\$ 4,466,506	\$ 4,439,558	\$ (26,948)
Business real property - public safety	293,090	293,090	229,434	(63,656)
Personal property - businesses	310,000	310,000	254,358	(55,642)
Personal property - public safety	40,000	40,000	38,194	(1,806)
Property of railroads and public utilities	55,753	55,753	49,745	(6,008)
Penalties and interest on delinquent taxes	9,370	9,370	15,700	6,330
Total General Property Taxes	5,174,719	5,174,719	5,026,989	(147,730)
State shared taxes				
Admissions and amusements	1,500	1,500	1,468	(32)
Highway user and motor vehicle	182,140	182,140	253,550	71,410
Income taxes	816,562	816,562	987,785	171,223
Total State Shared Taxes	1,000,202	1,000,202	1,242,803	242,601
County shared taxes				
Disposal fee rebate	33,467	33,467	33,468	1
Hotel/motel tax	70,000	70,000	126,887	56,887
PMT in lieu of bank stock	20	20	19	(1)
Total County Shared Taxes	103,487	103,487	160,374	56,887
Total Taxes	6,278,408	6,278,408	6,430,166	151,758
Licenses and permits				
State traders and peddlers	9,900	9,900	9,243	(657)
City business licenses	12,300	12,300	10,390	(1,910)
Comcast cable franchise fees	92,000	92,000	107,082	15,082
Verizon cable franchise fees	78,000	78,000	90,716	12,716
Cricket communication franchise fees	4,800	4,800	14,800	10,000
Verizon property lease	7,800	7,800	8,280	480
Building permit fees	2,700	2,700	13,160	10,460
Total Licenses And Permits	207,500	207,500	253,671	46,171
Intergovernmental grants				
State aid for police protection	129,099	129,099	138,417	9,318
Community policing service grants	-	15,728	45,636	29,908
Maryland state highway safety grant	-	6,000	5,428	(572)
School bus grant	4,000	4,000	4,000	-
Economic development grant	55,885	84,812	46,390	(38,422)
Other miscellaneous grants	-	-	2,084	2,084
Total Intergovernmental Grants	188,984	239,639	241,955	2,316
Revenues from other agencies				
Cable tv equipment support grant - Comcast	55,000	55,000	64,250	9,250
Cable tv equipment support grant - Verizon	50,000	50,000	57,695	7,695
Total Revenue From Other Agencies	105,000	105,000	121,945	16,945

These financial statements should be read only in connection with
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and notes to financial statements.

CITY OF NEW CARROLLTON, MARYLAND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) – GENERAL FUND
(continued)
For The Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES (continued)				
Current service charges				
Advertising fees	3,800	3,800	4,202	402
Municipal center room rent	1,500	1,500	1,152	(348)
Board of appeals fees	460	460	-	(460)
Special police services	30,000	30,000	21,691	(8,309)
Rental property inspection	270,000	270,000	279,825	9,825
Property clean-up and liens	21,312	21,312	6,559	(14,753)
Trash pickup service fees	311,638	311,638	311,638	-
Recycling fees	54,063	54,063	52,140	(1,923)
Total Current Service Charges	692,773	692,773	677,207	(15,566)
Fines and forfeitures				
Municipal infractions	1,100	1,100	405	(695)
Redlight camera	-	70,270	70,270	-
Speed camera revenue	111,000	289,662	424,351	134,689
Vehicle control fines and towing	380,000	380,000	298,961	(81,039)
Total Fines And Forfeitures	492,100	741,032	793,987	52,955
Investment earnings	14,236	14,236	78,786	64,550
Other revenues				
Scrap metal and paper	3,522	3,522	1,229	(2,293)
Seized revenue	1,768	1,768	923	(845)
Right-of-way fees (ICC)	16,140	16,140	16,140	-
Pension rebate	39,900	39,900	-	(39,900)
Miscellaneous revenue	54,939	54,939	24,908	(30,031)
Weinbach scholarship grant	500	500	500	-
Total Other Revenues	116,769	116,769	43,700	(73,069)
Contingency reserve	130,000	130,000	-	(130,000)
Designated for				
Street repair	67,860	157,860	-	(157,860)
Sidewalk repair	180,000	180,000	-	(180,000)
Capital outlay	612,447	630,929	-	(630,929)
Speed camera	-	187,233	-	(187,233)
Cable equipment	-	17,682	-	(17,682)
Undesignated prior year surplus	-	64,909	-	(64,909)
Operating reserve carryover	150,000	150,000	-	(150,000)
TOTAL REVENUES	9,236,077	9,913,970	8,641,417	(1,272,553)

These financial statements should be read only in connection with
the accompanying summary of significant accounting policies
and notes to financial statements.

CITY OF NEW CARROLLTON, MARYLAND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) – GENERAL FUND
(continued)
For The Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
EXPENDITURES				
General government				
Mayor and city council				
Personnel	40,528	39,469	39,320	149
Operating				
Office supplies and printing	686	686	176	510
Dues and subscriptions	355	355	275	80
Travel and meetings	20,500	15,500	14,684	816
Cell phones	413	1,500	1,439	61
Fire department grant	7,000	7,000	-	7,000
Youth activities grant	5,000	6,168	5,663	505
Boys & girls club grant	7,500	7,500	4,540	2,960
Welcome committee	750	750	37	713
Total Operating	<u>42,204</u>	<u>39,459</u>	<u>26,814</u>	<u>12,645</u>
Total Mayor And City Council	82,732	78,928	66,134	12,794
Administration				
Personnel	525,878	631,192	586,586	44,606
Operating				
Computer and IT support	49,700	49,700	48,757	943
Website service	7,000	7,000	5,520	1,480
Legal services	51,500	51,500	41,086	10,414
Engineering services	15,000	9,677	7,170	2,507
Advertising expenses	7,000	8,500	8,500	-
Cable television operation	55,000	55,000	12,250	42,750
City newsletter	36,000	36,000	23,616	12,384
General liability insurance	10,700	10,715	10,715	-
Auto insurance	4,000	4,302	4,302	-
Public officials liability and bonding	15,000	20,938	16,160	4,778
Equipment maintenance contracts	18,000	18,000	16,110	1,890
Office equipment maintenance contracts	3,800	4,553	4,553	-
Building maintenance and repair	71,000	71,000	46,048	24,952
Office equipment maintenance & repair	1,000	1,000	581	419
Vehicle operations and maintenance	2,600	2,600	451	2,149
Vehicle gasoline use	2,500	2,500	1,577	923
Computer supplies	4,500	4,500	90	4,410
Pantry supplies	4,500	4,500	3,871	629
Office supplies and printing	15,000	15,000	11,440	3,560
Janitorial supplies	8,700	8,700	7,377	1,323
Dues and subscriptions	15,500	15,500	12,088	3,412
Employee training	7,000	7,000	3,006	3,994
Travel and meetings	6,000	7,803	7,803	-
Uniforms	1,800	1,800	1,605	195
Telephones	11,100	14,100	12,335	1,765
Cell phones	4,000	6,642	5,657	985
Utility - electricity	29,000	29,000	28,929	71
Utility - natural gas	9,500	9,500	6,923	2,577
Utility - water	5,500	10,937	10,937	-
Postage meter and courier services	11,000	6,000	2,811	3,189
Upkeep of Hanco building	11,700	17,350	17,350	-

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CITY OF NEW CARROLLTON, MARYLAND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) – GENERAL FUND
(continued)
For The Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
EXPENDITURES (continued)				
Upkeep of Robert Frost elem (boys & girls)	-	128	128	-
Election	15,186	15,186	11,370	3,816
Community promotion	14,000	19,800	14,357	5,443
Ordinance recodification	6,500	6,500	3,398	3,102
Miscellaneous	10,500	12,026	12,026	-
Total Operating	540,786	564,957	420,897	144,060
Capital outlay				
Furniture & fixtures	2,000	2,000	2,000	-
Office equipment & computers	5,000	5,000	4,427	573
Cable equipment	50,000	50,000	16,058	33,942
Municipal center building assessment	-	1,482	1,482	-
Total Capital Outlay	57,000	58,482	23,967	34,515
Total Administration	1,123,664	1,254,631	1,031,450	223,181
Economic development				
Personnel	40,848	74,776	68,371	6,405
Operating				
Neighborhood design center	335	500	500	-
Landscaping service fees	3,551	3,551	-	3,551
Market study supplies	469	917	917	-
Signs and installation fees	9,380	9,380	-	9,380
Banners	6,030	6,030	-	6,030
Travel and meetings	-	99	99	-
Economic development (non-grant)	15,000	15,000	12,342	2,658
Total Operating	34,765	35,477	13,858	21,619
Total Economic Development	75,613	110,253	82,229	28,024
Human resources				
Operating				
Advertising	2,500	26,250	5,225	21,025
Dues & subscriptions	1,500	1,500	1,262	238
Employee training	5,000	5,000	3,539	1,461
Travel & meetings	750	750	535	215
Employee gifts & events	8,500	15,434	15,434	-
Pre-employment screenings	3,325	3,325	1,537	1,788
Post employment screenings	1,130	3,333	3,258	75
Wellness programs	1,620	4,192	3,442	750
Total Operating	24,325	59,784	34,232	25,552
Total Human Resources	24,325	59,784	34,232	25,552
Financial administration				
Personnel	239,956	236,209	233,454	2,755
Operating				
Auditing service	20,000	22,749	22,749	-
Computer and IT support	8,500	8,500	5,023	3,477
Computer supplies	962	962	-	962
Office supplies and printing	2,521	4,382	4,382	-
Dues and subscriptions	900	900	514	386
Employee training	3,000	4,427	4,384	43
Travel and meetings	3,500	2,073	1,789	284

These financial statements should be read only in connection with
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CITY OF NEW CARROLLTON, MARYLAND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) – GENERAL FUND
(continued)
For The Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
EXPENDITURES (continued)				
Credit card service fees	1,900	2,400	1,975	425
Bank service fees	-	578	424	154
Miscellaneous	583	583	381	202
Total Operating	41,866	47,554	41,621	5,933
Capital outlay				
Furniture & fixtures	3,000	3,000	2,699	301
Office equipment & computers	4,000	4,000	1,378	2,622
Total Capital Outlay	7,000	7,000	4,077	2,923
Total Financial Administration	288,822	290,763	279,152	11,611
Total General Government	1,595,156	1,794,359	1,493,197	301,162
Public health code enforcement				
Code enforcement				
Personnel	428,289	349,925	306,318	43,607
Operating				
Computer support	6,000	5,000	-	5,000
Property clean-up	21,891	21,891	11,252	10,639
Vehicle operations and maintenance	3,800	3,800	2,021	1,779
Vehicle gasoline use	12,795	12,795	1,242	11,553
Insect and animal control	1,600	1,600	669	931
Computer supplies	2,000	2,000	-	2,000
Office supplies and printing	4,320	4,320	3,272	1,048
Field supplies	1,450	1,450	508	942
Signs, notices and permits	450	450	416	34
Dues and subscriptions	500	600	555	45
Employee training	1,500	700	569	131
Travel and meetings	1,000	1,800	1,758	42
Uniforms	1,300	1,300	1,262	38
Cell phones	4,000	5,000	4,799	201
Miscellaneous	500	500	121	379
Total Operating	63,106	63,206	28,444	34,762
Capital outlay				
Computers	12,000	12,000	10,670	1,330
Total Capital Outlay	12,000	12,000	10,670	1,330
Total Public Health Code Enforcement	503,395	425,131	345,432	79,699
Public safety police services				
Police administration				
Personnel	537,669	570,302	566,787	3,515
Operating				
General liability insurance	29,000	32,841	32,841	-
Auto insurance	18,000	21,949	21,948	1
Building maintenance and repair	9,326	9,326	8,577	749
Equipment maintenance and repair	1,239	1,239	307	932
Vehicle operation and maintenance	34,000	50,444	50,444	-
Vehicle gasoline use	67,000	67,000	52,471	14,529
Computer supplies	1,371	1,371	1,236	135
Pantry supplies	3,000	3,000	2,747	253
Office supplies and printing	8,000	10,431	10,431	-

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CITY OF NEW CARROLLTON, MARYLAND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) – GENERAL FUND
(continued)
For The Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
EXPENDITURES (continued)				
Dues and subscriptions	1,557	1,557	885	672
Employee training	2,000	3,044	2,701	343
Travel and meetings	3,206	3,823	3,823	-
Uniforms	25,100	25,100	19,048	6,052
Telephones	7,200	7,200	2,774	4,426
Cell phones	30,600	30,600	20,895	9,705
Postage meter and courier service	1,854	1,854	559	1,295
Community promotion	10,000	14,753	14,753	-
Neighborhood watch	2,000	2,000	-	2,000
Vehicle control fine service fees	48,914	48,914	44,843	4,071
Redlight camera service fees	-	28,736	28,736	-
Miscellaneous	2,177	3,452	3,452	-
Total Operating	<u>305,544</u>	<u>368,634</u>	<u>323,471</u>	<u>45,163</u>
Capital outlay				
Computers	4,500	4,500	2,994	1,506
Vehicles	25,000	25,000	24,456	544
Body camera	6,000	16,000	15,443	557
Highway message trailer	30,000	30,000	16,500	13,500
Total Capital Outlay	<u>65,500</u>	<u>75,500</u>	<u>59,393</u>	<u>16,107</u>
Total Police Administration	<u>908,713</u>	<u>1,014,436</u>	<u>949,651</u>	<u>64,785</u>
Police special operations				
Personnel	74,861	71,880	55,732	16,148
Operating				
Computer IT support	1,440	1,440	1,357	83
Legal services	5,000	5,004	5,004	-
Field supplies	1,000	1,000	103	897
Vehicle control fine service fees	-	190,974	171,954	19,020
Total Operating	<u>7,440</u>	<u>198,418</u>	<u>178,418</u>	<u>20,000</u>
Capital outlay				
Vehicles	-	25,000	25,000	-
Vehicle equipment	-	7,652	7,652	-
Phasers	20,000	20,000	10,935	9,065
Total Capital Outlay	<u>20,000</u>	<u>52,652</u>	<u>43,587</u>	<u>9,065</u>
Total Police Special Operations	<u>102,301</u>	<u>322,950</u>	<u>277,737</u>	<u>45,213</u>
Police patrol				
Personnel	1,359,631	1,402,478	1,354,111	48,367
Operating				
Vehicle operations and maintenance	-	-	(2,845)	2,845
Field supplies	8,500	8,500	7,713	787
Small equipment	4,000	4,000	3,820	180
Small weapons	7,500	7,500	6,758	742
Employee training	15,500	15,500	13,800	1,700
Travel and meetings	203	203	190	13
Miscellaneous	2,082	3,891	3,891	-
Total Operating	<u>37,785</u>	<u>39,594</u>	<u>33,327</u>	<u>6,267</u>

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CITY OF NEW CARROLLTON, MARYLAND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) – GENERAL FUND
(continued)
For The Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
EXPENDITURES (continued)				
Capital outlay				
Vehicle	75,000	100,000	100,000	-
Vehicle equipment	26,000	49,400	41,556	7,844
Computers	6,000	23,563	23,563	-
Police body camera & scanners	5,000	5,000	3,365	1,635
Police radars and radios	8,000	17,221	17,221	-
License plate reader	40,000	32,000	32,000	-
Total Capital Outlay	<u>160,000</u>	<u>227,184</u>	<u>217,705</u>	<u>9,479</u>
Total Police Patrol	<u>1,557,416</u>	<u>1,669,256</u>	<u>1,605,143</u>	<u>64,113</u>
Parking enforcement				
Personnel	196,084	187,257	183,260	3,997
Operating				
Field supplies	<u>3,000</u>	<u>3,000</u>	<u>757</u>	<u>2,243</u>
Total Operating	<u>3,000</u>	<u>3,000</u>	<u>757</u>	<u>2,243</u>
Capital Outlay				
Computers	<u>3,500</u>	<u>3,500</u>	<u>2,317</u>	<u>1,183</u>
Total Capital Outlay	<u>3,500</u>	<u>3,500</u>	<u>2,317</u>	<u>1,183</u>
Total Parking Enforcement	<u>202,584</u>	<u>193,757</u>	<u>186,334</u>	<u>7,423</u>
Total Public Safety Police Services	<u>2,771,014</u>	<u>3,200,399</u>	<u>3,018,865</u>	<u>181,534</u>
Public works				
Public Works administration				
Personnel	653,356	615,150	582,666	32,484
Operating				
General liability insurance	10,300	10,300	10,300	-
Auto insurance	21,000	23,424	23,424	-
Equipment maintenance contracts	10,500	10,500	5,700	4,800
Preventive vehicle and maintenance	27,500	27,500	23,101	4,399
Building maintenance and repair	17,500	21,643	21,643	-
Office equipment, maintenance & repair	2,500	2,500	1,123	1,377
Vehicle operations and maintenance	101,500	101,567	101,567	-
Vehicle gasoline use	117,500	60,000	49,009	10,991
Computer supplies	2,000	2,000	783	1,217
Pantry supplies	3,000	3,000	2,675	325
Office supplies and printing	6,000	6,897	6,897	-
Janitorial supplies	5,000	5,000	4,928	72
Safety supplies	2,500	2,500	1,817	683
Dues and subscriptions	1,138	1,500	1,206	294
Employee training	5,000	3,200	3,182	18
Travel and meetings	1,500	3,521	3,521	-
Employee gifts/spec occasions	3,000	3,000	2,874	126
Uniforms	30,000	30,000	29,784	216
Telephones	1,500	2,500	2,451	49
Cell phones	6,500	3,500	2,592	908

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CITY OF NEW CARROLLTON, MARYLAND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) – GENERAL FUND
(continued)
For The Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)
EXPENDITURES (continued)				
Utility - electricity	14,000	14,000	9,625	4,375
Utility - natural gas	10,000	10,000	8,313	1,687
Utility - water	4,750	7,711	7,711	-
Miscellaneous	1,750	1,750	1,671	79
Total Operating	405,938	357,513	325,897	31,616
Capital outlay				
Public works building security system	-	17,000	17,000	-
Natural gas generator	-	60,559	60,559	-
Water heater	10,000	2,016	2,016	-
Shop heater	3,000	5,103	5,103	-
Air compressor	3,000	182	182	-
Furniture & fixtures	15,000	15,372	15,372	-
Computers	12,500	11,642	6,857	4,785
Telephone system	-	7,200	7,071	129
Total Capital Outlay	43,500	119,074	114,160	4,914
Total Public Works administration	1,102,794	1,091,737	1,022,723	69,014
Highways				
Personnel	345,638	294,635	276,597	18,038
Operating				
Engineering services	5,000	3,000	-	3,000
Landfill fees	5,500	7,981	7,981	-
Street lighting	100,000	103,785	103,785	-
Street light improvements	5,000	5,000	-	5,000
Small operating equipment and parts	1,000	1,000	491	509
Equipment rental	1,000	1,053	1,053	-
Traffic safety supplies	4,750	3,550	2,524	1,026
Street & storm drain maintenance materials	8,500	8,611	8,611	-
Snow removal supplies	15,000	15,000	12,003	2,997
Small equipment	500	500	428	72
Shared street sweeper	23,299	27,299	23,922	3,377
Total Operating	169,549	176,779	160,798	15,981
Capital outlay				
Backhoe	-	95,243	95,243	-
Street repairs	250,000	340,000	-	340,000
Sidewalk repair	100,000	100,000	95,044	4,956
Total Capital Outlay	350,000	535,243	190,287	344,956
Total Highways	865,187	1,006,657	627,682	378,975

These financial statements should be read only in connection with
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CITY OF NEW CARROLLTON, MARYLAND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) – GENERAL FUND
(continued)
For The Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
EXPENDITURES (continued)				
Sanitation				
Personnel	614,900	589,197	579,844	9,353
Operating				
Refuse collection contract	130,000	130,000	123,294	6,706
Recycling contract	74,880	82,011	82,011	-
Landfill fees - County	178,453	196,654	196,654	-
Compose fees	17,500	17,500	11,369	6,131
Equipment rental	500	500	-	500
Pantry supplies	-	301	301	-
Sanitation supplies	5,000	1,318	1,318	-
Miscellaneous	1,000	1,000	360	640
Total Operating	<u>407,333</u>	<u>429,284</u>	<u>415,307</u>	<u>13,977</u>
Capital outlay				
Packer	180,000	156,843	156,843	-
Total Capital Outlay	<u>180,000</u>	<u>156,843</u>	<u>156,843</u>	<u>-</u>
Total Sanitation	<u>1,202,233</u>	<u>1,175,324</u>	<u>1,151,994</u>	<u>23,330</u>
Parks and recreation				
Personnel	435,481	421,863	420,562	1,301
Operating				
Park contractual	1,395	5,000	4,485	515
Playground equipment maintenance	4,500	4,500	3,513	987
Equipment rental	3,000	9,058	9,058	-
Equipment repair and maintenance	6,000	6,000	2,405	3,595
Small equipment	2,000	2,000	1,977	23
Parks, fields and tree maintenance	30,000	30,000	23,069	6,931
Curb trees	10,000	10,000	480	9,520
Community garden	2,500	2,500	1,420	1,080
Total Operating	<u>59,395</u>	<u>69,058</u>	<u>46,407</u>	<u>22,651</u>
Capital outlay				
Mowers	12,500	12,500	12,460	40
Slashbuster stump grinder	-	25,450	25,450	-
Leaf vacuum	30,000	25,927	25,927	-
Bicentennial retention wall	80,000	80,000	-	80,000
Total Capital Outlay	<u>122,500</u>	<u>143,877</u>	<u>63,837</u>	<u>80,040</u>
Total Parks And Recreation	<u>617,376</u>	<u>634,798</u>	<u>530,806</u>	<u>103,992</u>
Weinbach scholarship	2,000	2,000	2,000	-
Debt service - principal & interest	288,222	294,865	294,241	624
Miscellaneous				
Contingency reserve	130,000	130,000	-	130,000
Operating reserve	150,000	150,000	-	150,000
Operating reserve - speed camera	8,700	8,700	-	8,700
Total Miscellaneous	<u>288,700</u>	<u>288,700</u>	<u>-</u>	<u>288,700</u>
TOTAL EXPENDITURES	<u>9,236,077</u>	<u>9,913,970</u>	<u>8,486,940</u>	<u>1,427,030</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,477</u>	<u>\$ (154,477)</u>

These financial statements should be read only in connection with
the accompanying summary of significant accounting policies
and notes to financial statements.

CITY OF NEW CARROLLTON, MARYLAND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
For The Year Ended June 30, 2016

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments. A summary of significant accounting policies followed by the City are presented below.

REPORTING ENTITY

The City of New Carrollton, Maryland (the City) was incorporated in April 11, 1953 with its legal authority derived from Chapter 310, Section 2 of the Annotated Code of Maryland. The City is to be construed to mean both the City and its inhabitants. The City operates under the Council-Mayor form of government. Services provided include sanitation, highway and streets, parks and recreation, police, and planning and zoning.

For financial reporting purposes, in conformance with accounting principles generally accepted in the United States of America, the reporting entity includes the Mayor and City Council and the primary government.

The City has no component units as defined by generally accepted accounting principles.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Governmental activities are those which are supported by taxes and intergovernmental revenues, whereas business-type activities are those supported through customer service charges. The City does not have any business-type activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those specifically associated with a program or function. Program revenues include charges for services and grants and contributions restricted to the capital or operational requirements of specific programs or functions. Revenues that are not classified as program revenues, such as taxes, are reported as general revenues.

CITY OF NEW CARROLLTON, MARYLAND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
For The Year Ended June 30, 2016

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The accounting and financial reporting is determined by its measurement focus. Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized in the year of levy and grants are recognized when all eligibility requirements are met.

Governmental fund statements are presented using the flow of economic resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction that can be determined and available means collected within 60 days of the year-end. Expenditures are recorded when the related liability is incurred as in the accrual basis of accounting. However, principal and interest on long-term debt and expenditures for compensated absences are recorded when the payments are due.

Those revenues susceptible to accrual are property taxes, taxes collected by the State and County on behalf of the City, franchise taxes, revenues from other agencies, interest revenue, and charges for services. Fines and forfeitures, licenses, permits, penalties and interest (on property taxes), and other revenues become measurable and available when cash is received by the City and are recognized as revenue at that time.

The City has one major governmental fund, the General Fund. It is used to account for all activities of the government not accounted for in another fund. The general fund accounts for the normal recurring activities of the City such as police, public works, parks and recreation, general government, etc. These activities are financed primarily by property taxes, other taxes, service charges, and grants from other governmental units.

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF NEW CARROLLTON, MARYLAND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
For The Year Ended June 30, 2016

ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, NET POSITION AND FUND BALANCES

Cash, cash equivalents, and investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months. Cash deposits of the City are made in accordance with the Annotated Code of Maryland (the Code), which requires depositories to give security in the form of collateral as provided for in the Code, for the safekeeping of these deposits.

Excess funds are also permitted to be invested either in bonds or other obligations for the payment of principal and interest of which the full faith and credit of the United States of America are pledged, obligations of Federal government agencies issued pursuant to acts of Congress, or in the local government investment pool created by the State of Maryland.

Property taxes

Property taxes are reported at their estimated collectible value. The following summarizes the property tax calendar:

	<u>Real Property</u>	<u>Personal and Corporate</u>
Assessment roll validated	Dec. 31	Jan. 1
Tax rate ordinance approved	June 30	June 30
Beginning of fiscal year for which taxes have been levied	July 1	July 1
Tax bills rendered and due	July 1	On County bill
Owner-occupied residential	July 1 and Jan. 1	July 1 & Jan. 1
Property taxes payable		
Delinquent	Oct. 1, Feb. 1	After 30 days
Terms	60 days	30 days
Delinquent interest	18%	18%
Tax rates constant yield	\$.6652 per \$100	\$1.00 per \$100

Information presented is for “full year” levy. “Half year” levy dates are each 6 months later, and relate to new construction in the first six months of the calendar year. A lien is attached to property on the billing date, becomes delinquent October 1 and is sold at tax sale by the end of 18 months.

Allowances for uncollectible accounts are maintained on all types of receivables that historically experience bad debt. Receivables are shown net of such an allowance for uncollectible. Real property taxes are generally fully collectible.

Restricted assets

Proceeds from donations received from external parties are restricted for the payment of scholarships to eligible students, and are held in a separate cash account until disbursement.

CITY OF NEW CARROLLTON, MARYLAND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
For The Year Ended June 30, 2016

ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, NET POSITION AND FUND BALANCES (continued)

Capital assets

Capital assets, which include property, plant and equipment, and infrastructure such as roads, storm drains and pipe systems, are reported in the government-wide financial statements. The City defines capital assets as those which individually have an acquisition cost or donated value of at least \$2,500 and an estimated useful life of three years or more. Such assets are valued at historical or estimated historical cost if actual is not available. Donated assets are stated at their fair market value at the date of donation. The cost of normal maintenance and repairs that do not add value or extend asset lives are not capitalized.

Expenditures for major assets and improvements are capitalized as the assets are acquired or constructed. Interest on debt during the construction period is capitalized. Exhaustible capital assets are depreciated, which is charged as an expense against their operations.

Accumulated depreciation is reported in the Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	20 - 40 years
Improvements other than buildings	10 - 15 years
Streets and infrastructure	40 - 50 years
Equipment	4 - 10 years
Computer software	5 - 7 years

Deferred outflows of resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will be recognized as an outflow of resources (expense/expenditure) until then.

Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the face amount of newly issued debt is reported as other financing sources and the amount of principal repayment is reported as an expenditure.

Compensated absences

Vested or accumulated vacation is accrued when earned by employees and a liability is recorded in the government-wide financial statements. No liability is recorded for nonvesting accumulated rights to receive sick pay benefits, as the City does not pay these amounts when employees separate from service.

CITY OF NEW CARROLLTON, MARYLAND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
For The Year Ended June 30, 2016

ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, NET POSITION AND FUND BALANCES (continued)

Compensated absences (continued)

The City pays all outstanding vacation leave at separation. A liability for vacation pay is recorded in the governmental fund financial statements only if it has matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement).

Deferred inflows of resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and so will be recognized as an inflow of resources (revenue) until then.

Net position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* - This category groups all capital assets including infrastructure into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributed to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted net position* - This category presents external restrictions imposed by creditors, grantors or laws and regulations of other governments.
- *Unrestricted net position* - This category presents the net position of the City not included elsewhere.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as needed.

Fund balance

In the fund financial statements, governmental funds report fund balances in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

- The *nonspendable* fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* fund balance are amounts that are restricted to specific purposes when the constraints are externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by the City Charter, City Code or enabling legislation.

CITY OF NEW CARROLLTON, MARYLAND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
For The Year Ended June 30, 2016

ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES, NET POSITION AND FUND BALANCES (continued)

- Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (ordinance) of the City's Council, the decision-making authority, are to be reported as *committed* fund balance.
- Amounts that are constrained by the City's intent to be used for specific purposes, but neither restricted nor committed, are to be reported as *assigned* fund balance pursuant to the City Charter. The City's Council and the City Administrator are authorized to assign amounts for specific purposes.
- *Unassigned* fund balance is the residual classification for the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount.

The City considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The City also considers committed fund balances to be spent first, assigned fund balances to be spent second and unassigned fund balances to be spent last when other unrestricted fund balance classifications are available for use.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the budget is legally enacted through passage of an ordinance. The budget ordinance becomes effective July 1 and provides spending authority for the operations of the City government.
2. Subsequent to passage of the budget ordinance, the City Council may approve supplemental expenditures. Management may not make adjustments or transfers within the budget without approval of the City Council.
3. At the end of the fiscal year, unencumbered appropriations lapse.
4. The budget for the General Fund is adopted on a basis consistent with budget estimates. Budgetary control is maintained at the line-item level.
5. The budget information presented in the accompanying financial statements includes all budget ordinances and amendments as approved by the Mayor and City Council for the fiscal year ending June 30, 2016.

Reconciliation of budgetary basis and GAAP basis

Actual results of operations are presented in the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund on the non-GAAP budgetary basis of accounting in order to provide a meaningful comparison of actual results with budget estimates. The budget includes budgeted amounts for prior year surplus and a contingency as a revenue source. There are no reconciling items between the budgetary basis and GAAP basis for actual revenues or actual expenditures for the year ended June 30, 2016.

CITY OF NEW CARROLLTON, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 1 – CASH AND CASH EQUIVALENTS

Deposits

Custodial risk, in the case of deposits, is the risk that in the event of a bank failure, the City's exposed balance may not be returned to it. At year-end, the carrying amount of the City deposits (including cash on hand of \$500) was \$1,257,538 and the bank balance was \$1,240,433. As of June 30, 2016, all of the City's deposits were either covered by federal depository insurance or were covered by collateral held by the City's agent in the City's name.

Investments

At June 30, 2016, the City's investment balances were as follows:

	Credit Rating	Fair Value	Investment Maturities (in Year)		
			Less Than 1	1 - 5	More Than 5
Maryland Local					
Government Investment Pool	AAAm	\$ 5,682,501	\$ 5,682,501	\$ -	\$ -
Certificate of Deposit	Not Rated	3,057,347	1,021,048	2,036,299	-
Total Investments		<u>\$ 8,739,848</u>	<u>\$ 6,703,549</u>	<u>\$ 2,036,299</u>	<u>\$ -</u>

Reconciliation of cash and temporary investments as shown on the Statement of Net Position:

Carrying amount of deposits	\$ 1,257,538
Carrying amount of temporary investments	8,739,848
Carrying amount of restricted deposits	42,320
Total Cash And Temporary Investments Per Statement Of Net Position	<u><u>\$ 10,039,706</u></u>

Investment Rate Risk

Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below original cost. To limit the City's exposure to fair value losses arising from increasing interest rates, the City's investment policy limits the term of investment maturities up to five years in order to remain sufficiently liquid to enable the City to meet all operating requirements, which might be reasonably anticipated. City management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the City from having to sell investments below original cost for that purpose. The investments at June 30, 2016, met the City investment policy as of that date. Investment income amounted to \$78,785 for the year ended June 30, 2016.

Credit Risk

The City of New Carrollton's investment policy does not specifically address credit risk. The City permits investments in the following types of investments as authorized by the State of Maryland: direct U.S. obligations, U.S. agency obligations, repurchase agreements, bankers' acceptances, municipal securities, commercial paper, money market mutual funds, and the MLGIP. The MLGIP was established in 1982 under Article 95 Section 220 of the Annotated Code of Maryland and is under the administration of the State Treasurer. It is rated AAAm by Standard & Poor's, their highest rating for money market mutual funds. The MLGIP seeks to maintain a constant value of \$1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a \$1.00 per unit constant value.

CITY OF NEW CARROLLTON, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 1 – CASH AND TEMPORARY INVESTMENTS (continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. The investments of the City were not exposed to custodial credit risk at June 30, 2016.

Fair Value Measurements: The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2016:

- Bank certificates of deposits of approximately \$3.1 million are valued using quoted market prices (Level 1 inputs).
- Local government investment trust of approximately \$5.7 million which is measured at net asset value. These investments have no unfunded commitments and have no significant restrictions on redemption timing or notice period.

NOTE 2 – RECEIVABLES

Receivables as of year-end for the government's funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>
Taxes - property	\$ 135,853
Accounts receivables - other	227,738
Net Receivables	<u><u>\$ 363,591</u></u>

NOTE 3 – DUE FROM OTHER GOVERNMENTS

At June 30, 2016, the balance due from other governments consisted of the following:

State of Maryland	
Income tax	\$ 115,179
Income tax reserve	164,754
Highway user tax	16,033
Other	6,859
Federal Government	
Economic development grant	33,157
COPS hiring program grant	13,788
Prince George's County	
Real property tax	42,651
Hotel motel tax	42,173
Disposal fee	8,367
Total	<u><u>\$ 442,961</u></u>

CITY OF NEW CARROLLTON, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 4 –UNAVAILABLE AND UNEARNED REVENUE

Governmental funds report advanced revenue in connection to receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not earned. At the end of the fiscal year, the unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Income taxes	\$ 164,754	\$ -	\$ 164,754
Property taxes	135,429	-	135,429
Fees	-	178,361	178,361
	<u>\$ 300,183</u>	<u>\$ 178,361</u>	<u>\$ 478,544</u>

NOTE 5 – CAPITAL ASSETS

The following is a summary of governmental capital asset activity for the year ended June 30, 2016:

	Balance at June 30, 2015	Additions	Deletions/ Adjustments	Balance at June 30, 2016
Capital assets (not being depreciated or amortized)				
Land	\$ 760,825	\$ -	\$ -	\$ 760,825
Capital assets (being depreciated or amortized)				
Building	3,040,145	-	-	3,040,145
Improvements other than buildings	425,237	-	-	425,237
Streets and infrastructure	1,767,485	-	-	1,767,485
Equipment	4,128,617	667,795	11,415	4,784,997
Computer software	122,940	-	-	122,940
Total Capital Assets (Being Depreciated Or Amortized)	9,484,424	667,795	11,415	10,140,804
Less - accumulated depreciation or amortization for				
Buildings	1,611,344	76,094	-	1,687,438
Improvements other than buildings	287,656	19,486	-	307,142
Streets and infrastructure	385,027	44,187	-	429,214
Equipment	2,810,027	347,963	42,954	3,115,036
Computer software	78,249	19,132	-	97,381
Total Accumulated Depreciation Or Amortization	5,172,303	506,862	42,954	5,636,211
Total Governmental Activities Capital Assets, Net	<u>\$ 5,072,946</u>	<u>\$ 160,933</u>	<u>\$ (31,539)</u>	<u>\$ 5,265,418</u>

CITY OF NEW CARROLLTON, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 5 – CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs in governmental activities as follows:

General government	\$ 94,412
Public works	57,771
Public health	5,970
Public safety	137,243
Highway and streets	102,508
Sanitation	69,968
Parks and recreation	38,990
	<u>\$ 506,862</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of changes in the City's governmental long-term liabilities for the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Repayments & Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
General obligation bonds	\$ 2,120,484	\$ 598,500	\$ 733,341	\$ 1,985,643	\$ 161,166
Loans payable	126,261	-	101,538	24,723	24,723
Net pension liability	2,040,146	544,540	-	2,584,686	-
Compensated absences	195,386	163,020	143,886	214,520	156,400
Governmental Activities					
Long-Term Liabilities	<u>\$ 4,482,277</u>	<u>\$ 1,306,060</u>	<u>\$ 978,765</u>	<u>\$ 4,809,572</u>	<u>\$ 342,289</u>

Bonds payable

The City of New Carrollton adopted a resolution on January 26, 2006 providing for the issuance and sale of \$1,000,000 aggregate par amount of bonds known as "Infrastructure Bond, 2005 Series A." The bond is issued in connection with the Infrastructure Financing Program of the Community Development Administration, an agency in the Division of Development Finance of the Department of Housing and Community Development, for the purpose of providing a portion of the funds necessary for bridge repairs and street improvements. Interest is paid semiannually and principal is paid annually. The full faith and credit of the City is pledged to the payment of principal and interest. The term of the bonds is twenty (20) years, with maturity expected to occur on May 1, 2025. The interest rate was 4.2%. The City of New Carrollton passed an ordinance to refinance this bond agreement with the Community Development Administration for the sum of the outstanding principal due on the bond of \$598,500. The payment terms remain the same, the interest rate was

CITY OF NEW CARROLLTON, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 6 – LONG-TERM DEBT (continued)

Bonds payable (continued)

lowered to a current rate of 2.3%. The rate of interest on the Loan will be determined by CDA in its sole discretion based in substantial part upon the rate of interest on the CDA Bonds. It is presently estimated that the aggregate rate or rates of interest for a total interest cost (expressed as a yield) will not exceed 2.8%. The term of the loan was reduced to seven (7) years and will mature on June 1, 2022.

The City of New Carrollton adopted a resolution on February 15, 2012 providing for the issuance and sale of \$1,750,000 aggregate par amount of bonds known as “City of New Carrollton Public Improvements Bond, 2012-1”. The bond is issued for the public purpose of funding the continuation of the City Roads Program. Principal and interest are paid monthly. The full faith and credit of the City is pledged to the payment of principal and interest. The term of the bonds is twenty (20) years, with maturity expected to occur on March 1, 2032. Annual interest rate is 2.52%.

The annual requirements to amortize bonds payable to maturity are as follows:

<u>For the Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 161,166	\$ 49,026	\$ 210,192
2018	164,108	46,395	210,503
2019	167,599	42,684	210,283
2020	172,641	38,017	210,658
2021	177,235	33,208	210,443
2022 - 2025	454,970	91,002	545,972
2026 - 2030	502,654	56,211	558,865
2031 - 2032	185,270	4,185	189,455
Total	<u><u>\$ 1,985,643</u></u>	<u><u>\$ 360,728</u></u>	<u><u>\$ 2,346,371</u></u>

Loans payable

During fiscal year 2011, the City borrowed \$325,000 from PNC, a commercial bank, to purchase two dump trucks and a Ford truck for the parking enforcement department. The loan has an interest rate of 2.40% and a maturity date of November 10, 2015. The loan repayment schedule calls for monthly payments of principal and interest of \$5,753.57. This loan was paid off in fiscal year 2016.

CITY OF NEW CARROLLTON, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 6 – LONG-TERM DEBT (continued)

Loans payable (continued)

During fiscal year 2012, the City borrowed \$350,000 from PNC, a commercial bank, to purchase vehicles, computer equipment, leaf boxes, and snow plows. The loan has an interest rate of 2.51% and maturity date on October 14, 2016. The loan repayment schedule calls for monthly payments of principal and interest of \$6,213.12.

The annual requirements to amortize to maturity for loans payable are as follows:

<u>For the Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	<u>\$ 24,723</u>	<u>\$ 129</u>	<u>\$ 24,852</u>

NOTE 7 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND

Plan description

The employees of the City are covered by the Maryland State Retirement and Pension System (the System), which is a cost sharing employer public employee retirement system. On October 1, 1941, the Employees' Retirement System of Maryland (Retirement System) was established to provide retirement allowances and benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension System (Pension System) was established. The Plans are administered by the State Retirement Agency. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. This report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202, or by calling (410)625-5555, or on the website: <http://www.sra.state.md.us>.

The Pension System covers employees hired after December 31, 1979, as well as Retirement System participants who have voluntarily joined the Pension System. The Employees Contributory Pension System of the State of Maryland (Contributory Pension System) was established July 1, 1998. As of July 1, 1999, and retroactively to July 1, 1998, the City elected to participate in the Contributory Pension System for all service earned on or after July 1, 1998.

CITY OF NEW CARROLLTON, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 7 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)

Benefits provided

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. For all individuals who are members of the Employees' Retirement System on or before June 30, 2011, retirement allowances are computed using both the highest three years' Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For all individuals who are members of the pension systems of the State Retirement and Pension System on or before June 30, 2011, pension allowances are computed using both the highest three consecutive years' AFC and the actual number of years of accumulated creditable service. For any individual who becomes a member of one of the pension systems on or after July 1, 2011, pension allowances are computed using both the highest five consecutive years' APC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

In addition, the benefit attributable to service on or after July 1, 2011 in many of the pension systems now will be subject to different cost-of-living adjustments (COLA) that is based on the increase in the Consumer Price Index (CPI) and capped at 2.5% or 1.0% based on whether the market value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation.

A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2015, are as follows:

A member of the Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals $1/55$ (1.81%) of the member's AFC multiplied by the number of years of accumulated creditable service.

An individual who is a member of the Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of the Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

CITY OF NEW CARROLLTON, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 7 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)

Benefits Provided (continued)

For most individuals who retired from the Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's APC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's APC multiplied by the number of years of creditable service accumulated as a member of the Employees' Pension System.

Any individual who is a member of the State Retirement and Pension System on or before June 30, 2011, and who terminates employment before attaining retirement age but after accumulating 5 years of eligibility service is eligible for a vested retirement allowance. Any individual who joins the State Retirement and Pension System on or after July 1, 2011, and who terminates employment before attaining retirement age but after accumulating 10 years of eligibility service is eligible for a vested retirement allowance. A member, who terminates employment prior to attaining retirement age and before vesting, receives a refund of all member contributions and interest.

Contributions

The State Personnel and Pensions Article requires both active members and their respective employers to make contributions to the System. Rates for required contributions by active members are established by law. Members of the Employees' Retirement System are required to contribute 7% or 5% of earnable compensation depending upon the retirement option selected. Members of the Employees' Pension System, Alternate Contributory Pension Selection (ACPS), are required to contribute 7%, of earnable compensation.

However, members of the Employees' Retirement System who are employed by a participating governmental unit that elected to remain in the Contributory Pension System are required to contribute 2% of earnable compensation. The members of the Employees' Retirement System who are employed by participating governmental units who elected to remain in the Non-Contributory Pension System are only required to contribute 5% of earnable compensation in excess of the social security taxable wage base.

CITY OF NEW CARROLLTON, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 7 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)

Contributions (continued)

Contribution rates for employer and other “non-employer” contributing entities are established by annual actuarial valuations using the Individual Entry Age Normal Cost method with projection and other actuarial assumptions adopted by the Board of Trustees. These contribution rates have been established as the rates necessary to fully fund normal costs and amortize the unfunded actuarial accrued liability.

The unfunded actuarial liability was being amortized in distinct layers. The unfunded actuarial accrued liability which existed as of the June 30, 2000, actuarial valuation was being amortized over a 40-year period (as provided by law) from July 1, 1980 and as provided by law, any new unfunded liabilities or surpluses arising during the fiscal year ended June 30, 2001, or any fiscal year thereafter, was being amortized over a 25-year period from the end of the fiscal year in which the liability or surplus arose. However, in the 2014 legislative session, the Legislature changed the method used to fund the System. The unfunded liability for each System is being amortized over a single closed 25-year period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reported a liability of \$2,584,686 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s portion of the net pension liability was based on actual employer contributions billed to participating government units for the year ending June 30, 2015. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. At June 30, 2015, the City’s proportion share was .0124373%.

For the year ended June 30, 2016, the City recognized pension expense of \$501,724. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF NEW CARROLLTON, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 7 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 52,932
Changes in assumptions	151,518	-
Net difference between projected and actual earnings on retirement plan investments	227,657	167,576
City contributions subsequent to the measurement date	227,558	-
	<u>\$ 606,733</u>	<u>\$ 220,508</u>

Deferred Financing Inflows and Outflows

Deferred financing inflows and outflows are made up of changes in actuarial assumptions, differences in actual and expected experience and net differences in the projected and actual investing earnings. The 2015 deferred inflows and outflows related to non-investment activity are being amortized over the remaining service life of 5.87 years. The 2014 deferred outflows not related to investment activity are being amortized over the remaining service life of 5 years. The net difference in investment earnings for both 2015 and 2014 is being amortized over a closed five year period. The following table shows the amortization of these balances:

Year End June 30,	2015 Balance Amortization			2014 Balance Amortization		
	Deferred Outflows		Deferred Inflows	Deferred Outflows	Deferred Inflows	
	Net Difference in Investment Earnings	Change in Assumptions	Actual and Expected Experience	Change in Assumptions	Net Difference in Investment Earnings	
2017	\$ 56,914	\$ 26,568	\$ (10,869)	\$ 7,378	\$ (55,859)	
2018	56,914	26,568	(10,869)	7,378	(55,859)	
2019	56,914	26,568	(10,869)	7,378	(55,858)	
2020	56,915	26,568	(10,869)	-	-	
2021	-	23,112	(9,456)	-	-	
Total	<u>\$ 227,657</u>	<u>\$ 129,384</u>	<u>\$ (52,932)</u>	<u>\$ 22,134</u>	<u>\$ (167,576)</u>	

CITY OF NEW CARROLLTON, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 7 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)

Actuarial Assumptions

Actuarial	Entry age normal.
Amortization Method	Level percentage of payroll, closed.
Remaining Amortization Period	In the 2012 actuarial valuation: eight years remaining as of June 30, 2012 for prior UAAL existing on June 30, 2000 and 25 years from each subsequent valuation date for each year's additional UAAL for the State systems and ECS Muni. 27 years for LEOPS Muni, and 34 years for CORS Muni. In the 2013 actuarial valuation: 25 years for the State Systems, 26 years for the LEOPS Muni, and 32 years for CORS Muni. For ECS Muni: seven years remaining for prior UAAL existing on June 30, 2000. 25 years from each subsequent valuation date for each year's additional UAAL.
Asset Valuation Method	5-year smoothed market; 20% collar.
Inflation	In the 2012 actuarial valuation, 3.00% general, 3.50% wage. In the 2013 actuarial valuation, 2.95% general, 3.45% wage.
Salary Increases	In the 2012 actuarial valuation, 3.50% to 10.75% including inflation. In the 2013 actuarial valuation, 3.45% to 10.70% including inflation.
Investment Rate of Return	In the 2012 valuation, 7.75%. In the 2013 valuation, 7.70%.
Discount Rate	7.55%
Investment Rate of Return	7.55%
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience.

CITY OF NEW CARROLLTON, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 7 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)

Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	35%	6.30%
Fixed Income	10%	0.60%
Credit Opportunity	10%	3.20%
Real Return	14%	1.80%
Absolute Return	10%	4.20%
Private Equity	10%	7.20%
Real Estate	10%	4.40%
Cash	1%	0.00%
Total	<u>100%</u>	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2015.

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 2.71%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A single rate of 7.55% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.55%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF NEW CARROLLTON, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 7 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)

Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.55%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

System	1% Decrease to 6.55%	Current Discount 7.55%	1% Increase to 8.55%
System net pension liability	\$ 29,371,763,000	\$ 20,781,712,000	\$ 13,658,848,000
City's proportionate share of the net pension liability	\$ 3,653,054	\$ 2,584,686	\$ 1,698,792

NOTE 8 – FUND BALANCES

The classification of governmental fund balances as of June 30, 2016 is as follows:

Nonspendable for:	
Prepaid Expenses	\$ 80,452
Restricted for:	
Weinbach scholarship	42,320
Public safety projects	227,653
Street improvements	1,039,518
Cable equipment	443,561
	<u>1,753,052</u>
Committed to:	
Operating reserve carryover	250,000
Assigned for:	
Compensated absences	214,520
Street repairs	643,876
Sidewalk repairs	176,056
Bridge repairs	112,310
Vehicle replacement	80,993
NARD incentive fund	1,000,000
Global signal proceeds	477,435
Contingency reserve carryover	130,000
Real property reserve	468,500
Fund balance transfer	390,153
	<u>3,693,843</u>
Unassigned	4,249,195
Total Fund Balances	<u><u>\$ 10,026,542</u></u>

CITY OF NEW CARROLLTON, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 9 – POST-RETIREMENT BENEFITS

The City does not provide and therefore has no liability for post-retirement benefits at June 30, 2016.

NOTE 10 – RISK MANAGEMENT

The City's risk financing techniques include participation in a public entity pool and the purchase of commercial insurance. For property, general, and health and dental insurance, the City is covered through commercial insurance carriers subject to deductibles and to annual aggregate/per occurrence dollar limits. For excess environmental liability coverage the City is a member of the Maryland Local Government Insurance Trust (LGIT). This trust is a public entity risk pool which is owned and directed by the local governments that subscribe to its coverages and operates under the terms of a Trust Agreement. The City pays LGIT an annual premium. Claims are processed and recoveries and administrative costs are paid by LGIT. Similar to a commercial insurance carrier, recoveries are subject to deductibles and to annual aggregate/per occurrence dollar limits. No insurance settlement has exceeded the coverage to date. The City is fully insured for worker's compensation through the Injured Worker's Insurance Fund of Maryland. Employees are bonded through commercial insurance carriers to limit the loss to the City in the event of employees committing acts of embezzlement or theft. There have been no settlements which exceeded coverage during the past four fiscal years.

NOTE 11 – PRIOR PERIOD ADJUSTMENT

The City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans, an amendment of GASB Statement No. 27 and the related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which improves accounting and financial reporting by State and local government employers whose employees are provided benefits through pensions. The City is now required to record a liability for future pension benefits in excess of accumulated plan contributions.

These pronouncements required the restatement of the June 30, 2014 net position of governmental activities.

NOTE 12 – CONTINGENT LIABILITIES

The City participates in certain federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

CITY OF NEW CARROLLTON, MARYLAND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 13 – NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued SEVERAL PRONOUNCEMENTS PRIOR TO THE YEAR ENDED June 30, 2016 that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City:

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective for the City beginning with its fiscal year ending June 30, 2017. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for the purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans and Statement No. 68 for pension plans and pensions that are within their respective scopes.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, issued June 2015, effective for financial statements for fiscal years beginning after June 15, 2016.

Statement No. 77, *Tax Abatement Disclosures*, will be effective for the City beginning with its fiscal year ending June 30, 2017. This Statement requires the disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, is effective for periods beginning after December 15, 2015. This statement amends the scope and applicability of Statement No. 68.

Statement No. 82, *Pension Issues*, will be effective for the City beginning with the fiscal year ending June 30, 2017. This Statement amends certain provisions of GASBS No. 67, 68, and 73 as they relate to the disclosure of pension obligations.

NOTE 15 – SUBSEQUENT EVENTS

The City evaluated subsequent events for potential required disclosures through November 30, 2016, which represents the date the financial statements were available to be issued.

CITY OF NEW CARROLLTON, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2016

CITY OF NEW CARROLLTON, MARYLAND
EMPLOYEES' RETIREMENT AND PENSION SYSTEM
For The Year Ended June 30, 2016
Last Ten Fiscal Years *

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 227,559	\$ 262,145	\$ 320,927	\$ 224,553	\$ 257,316	\$ 253,649	\$ 152,396	\$ 188,017	\$ 170,949	\$ 125,543
Contributions in relation to the contractually required Contribution deficiency (excess)	(227,559)	(262,145)	(320,927)	(224,553)	(257,316)	(253,649)	(152,396)	(188,017)	(170,949)	(125,543)
City's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	\$ 3,186,127	\$ 3,126,034	\$ 3,078,603	*	*	*	*	*	*	*
	7.14%	8.39%	10.42%	*	*	*	*	*	*	*

* Additional years will be presented as they become available.

CITY OF NEW CARROLLTON, MARYLAND
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
Last Ten Fiscal Years *

Employees' Retirement and Pension System:

	<u>2016</u>	<u>2015</u>
City's proportionation of the net pension liability	0.0124373%	0.0114959%
City's proportionate share of the pension liability	\$ 2,584,686	\$ 2,040,146
City's covered employee payroll	\$ 3,186,127	\$ 2,584,687
City's proportionate share of the net pension liability as of a percentage of its covered employee payroll	81.12%	78.93%
Plan fiduciary net position as a percentage of the total pension liability	68.78%	71.87%

* Amounts presented above were determined as of June 30, 2016. Additional years will be presented as they become available.

STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF NEW CARROLLTON, MARYLAND
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 4,702,695	\$ 4,348,185	\$ 4,199,327	\$ 4,210,659	\$ 4,307,241	\$ 4,202,586	\$ 4,000,143	\$ 3,937,476	\$ 3,867,861	\$ 3,353,644
Restricted	1,753,052	1,288,839	783,458	1,096,860	2,279,372	395,118	47,290	51,178	53,237	54,792
Unrestricted	4,703,420	5,280,013	6,883,402	6,137,280	4,836,591	5,341,133	4,284,568	3,065,903	2,121,029	2,302,589
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	\$ 11,159,167	\$ 10,917,037	\$ 11,866,187	\$ 11,444,799	\$ 11,423,204	\$ 9,938,837	\$ 8,332,001	\$ 7,054,557	\$ 6,042,127	\$ 5,711,025

CITY OF NEW CARROLLTON, MARYLAND
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
EXPENSES										
Governmental activities										
General government	\$ 1,636,175	\$ 1,588,305	\$ 1,616,097	\$ 1,296,603	\$ 1,442,186	\$ 1,402,371	\$ 1,286,886	\$ 1,211,140	\$ 1,253,729	\$ 1,144,628
Public health code enforcement	367,392	416,555	410,753	403,164	408,166	374,144	398,466	373,221	422,504	324,397
Public safety police services	3,015,512	2,382,900	2,310,271	2,160,469	2,007,356	1,809,257	1,413,243	1,294,109	1,095,405	868,812
Public works	1,023,506	645,230	621,965	393,398	526,310	528,577	456,430	451,183	661,942	528,803
Highways	651,402	573,711	1,032,076	1,746,985	445,052	496,236	583,084	482,175	352,124	492,789
Sanitation	1,100,000	1,070,814	1,056,117	1,064,410	1,027,779	998,858	922,845	897,146	881,235	914,342
Parks and recreation	536,456	514,642	569,414	587,562	650,128	570,242	578,704	542,138	570,438	518,466
Weinbach scholarship	2,000	2,000	5,674	-	2,000	2,000	4,000	3,000	5,000	4,000
Interest on long-term debt	60,280	72,198	79,790	89,890	77,462	61,442	72,291	78,373	88,032	38,194
Total Primary Government Expenses	8,392,723	7,266,355	7,702,157	7,742,481	6,586,439	6,243,127	5,715,949	5,332,485	5,330,409	4,834,431
PROGRAM REVENUES										
Governmental activities										
Charges for services										
General government	259,026	262,859	232,023	218,382	205,981	198,468	195,078	165,567	160,217	89,599
Public health code enforcement	286,788	286,052	232,123	234,369	213,000	224,740	200,165	236,175	185,560	175,588
Public safety police services	815,273	554,948	565,586	738,266	813,841	997,035	1,011,516	207,973	173,933	108,866
Public works	-	-	-	-	28,969	37,374	59,447	24,185	20,126	-
Highways	16,140	16,140	16,140	16,140	16,140	16,140	16,140	16,140	-	-
Sanitation	363,778	365,338	311,667	311,667	311,805	267,155	42,600	42,600	42,600	80,929
Operating grants and contributions	571,559	555,113	553,493	322,490	337,013	254,130	287,917	492,928	654,483	656,092
Capital grants and contributions	46,390	75,647	92,718	-	118,443	29,819	-	115	-	152,000
Total Primary Government Program Revenues	2,338,954	2,116,097	2,003,750	1,841,314	2,045,192	2,024,861	1,812,863	1,185,683	1,236,919	1,263,074
Total Primary Government Net Expense	(6,033,769)	(5,150,258)	(5,698,407)	(5,901,167)	(4,541,247)	(4,218,266)	(3,903,086)	(4,146,802)	(4,093,490)	(3,571,357)
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental activities										
Taxes										
Property tax	4,993,224	5,110,831	5,020,970	4,927,471	4,975,506	4,612,847	4,272,781	4,041,481	3,264,745	2,800,795
Shared taxes	1,145,291	1,080,762	984,789	886,124	893,906	962,661	830,964	891,105	863,978	707,901
Miscellaneous revenues	58,599	2,732	108,249	98,226	149,448	241,378	68,455	188,572	212,028	569,198
Investment earnings	78,785	3,220	5,787	10,941	6,754	8,216	8,330	38,074	83,841	109,399
Total Primary Government	6,275,899	6,197,545	6,119,795	5,922,762	6,025,614	5,825,102	5,180,530	5,159,232	4,424,592	4,187,293
CHANGE IN NET POSITION,										
GOVERNMENTAL ACTIVITIES	\$ 242,130	\$ 1,047,287	\$ 421,388	\$ 21,595	\$ 1,484,367	\$ 1,606,836	\$ 1,277,444	\$ 1,012,430	\$ 331,102	\$ 615,936

CITY OF NEW CARROLLTON, MARYLAND
GOVERNMENTAL ACTIVITIES
TAX REVENUES BY SOURCE
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

Fiscal Year	Property Taxes	Income Taxes	Hotel/Motel Taxes	Other Taxes	Total
2007	2,800,795	690,363	16,559	979	3,508,696
2008	3,264,745	683,608	53,044	37,141	4,038,538
2009	4,041,481	784,741	72,067	34,297	4,932,586
2010	4,272,781	723,772	72,507	34,685	5,103,745
2011	4,612,847	877,057	51,205	34,399	5,575,508
2012	4,975,506	796,454	62,399	35,053	5,869,412
2013	4,927,471	777,713	73,471	34,940	5,813,595
2014	5,020,970	879,522	70,265	35,002	6,005,759
2015	5,110,831	959,747	85,733	35,282	6,191,593
2016	4,993,224	983,448	126,887	34,956	6,138,515

Source: City's financial records.

CITY OF NEW CARROLLTON, MARYLAND
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Reserved	Designated	Undesignated	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2007	54,792	1,478,185	692,066	-	-	-	-	-	2,225,043
2008	53,237	1,637,653	332,604	-	-	-	-	-	2,023,494
2009	51,178	2,182,109	758,620	-	-	-	-	-	2,991,907
2010	47,290	3,184,383	896,319	-	-	-	-	-	4,127,992
2011	-	-	-	-	395,118	250,000	3,109,522	1,698,072	5,452,712
2012	-	-	-	-	2,279,372	250,000	2,657,730	3,964,230	9,151,332
2013	-	-	-	4,424	1,096,860	250,000	3,055,827	4,557,906	8,965,017
2014	-	-	-	-	783,458	250,000	3,986,013	4,227,978	9,247,449
2015	-	-	-	-	1,288,839	250,000	4,422,776	3,910,450	9,872,065
2016	-	-	-	80,452	1,753,052	250,000	3,693,843	4,249,195	10,026,542

Source: City's financial records.

Note: GASB Standard 54 altered the classification of governmental fund balances on a prospective basis effective with fiscal year 2011.

CITY OF NEW CARROLLTON, MARYLAND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

	Last Ten Fiscal Years									
	(Modified Accrual Basis of Accounting)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
REVENUES										
Taxes	\$ 6,430,166	\$ 6,274,894	\$ 6,138,701	\$ 5,950,030	\$ 6,169,959	\$ 5,508,728	\$ 5,066,353	\$ 5,301,025	\$ 4,507,301	\$ 3,999,419
Licenses and permits	253,671	248,727	221,166	206,567	198,170	338,940	187,186	165,567	160,217	495,001
Intergovernmental	363,900	408,406	441,308	266,109	368,344	254,575	247,616	152,534	262,372	340,224
Charges for services	677,207	693,188	594,632	584,623	591,171	569,655	360,044	278,775	228,160	218,188
Fines and forfeitures	793,987	527,283	525,601	711,495	784,255	964,332	961,576	232,158	194,059	161,442
Investment earnings	78,786	3,220	5,787	10,941	6,754	8,216	8,330	38,074	83,841	109,399
Miscellaneous	43,700	38,799	140,191	115,739	165,589	120,875	84,595	204,827	212,028	154,352
Total Revenues	8,641,417	8,194,517	8,067,386	7,845,504	8,284,242	7,765,321	6,915,700	6,372,960	5,647,978	5,478,025
EXPENDITURES										
General government	1,493,197	1,575,550	1,583,331	1,307,638	1,336,976	1,361,955	1,208,177	1,266,976	1,184,111	1,144,988
Public health code enforcement	345,432	441,256	419,795	399,299	397,513	366,084	406,675	385,779	343,358	344,321
Public safety police services	3,018,865	2,417,173	2,211,015	2,143,502	2,042,737	1,957,957	1,463,257	1,311,351	1,253,476	1,063,486
Public works	1,022,723	642,432	576,342	517,807	465,722	468,079	422,925	419,104	661,147	494,787
Highways	627,682	481,067	986,060	1,646,879	357,989	409,173	607,968	452,021	533,727	1,631,938
Sanitation	1,151,994	1,119,919	1,010,919	1,029,277	972,501	1,233,123	894,595	866,299	999,670	898,678
Parks and recreation	530,806	556,786	615,247	567,221	721,194	543,569	547,397	511,343	495,608	517,448
Weinbach Scholarship	2,000	2,000	5,674	-	2,000	2,000	4,000	3,000	5,000	4,000
Debt service										
Principal	236,380	261,024	296,060	329,844	314,887	361,428	326,597	307,855	285,708	256,326
Interest	57,861	72,694	80,511	90,352	74,103	62,233	73,024	80,819	87,722	38,261
Total Expenditures	8,486,940	7,569,901	7,784,954	8,031,819	6,685,622	6,765,601	5,954,615	5,604,547	5,849,527	6,394,233
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	154,477	624,616	282,432	(186,315)	1,598,620	999,720	961,085	768,413	(201,549)	(916,208)
OTHER FINANCING SOURCES (USES)										
Issuance of debt	598,500	-	-	-	2,100,000	325,000	175,000	200,000	-	564,234
Repayment of debt	(598,500)	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	2,100,000	325,000	175,000	200,000	-	564,234
NET CHANGE IN FUND BALANCE	\$ 154,477	\$ 624,616	\$ 282,432	\$ (186,315)	\$ 3,698,620	\$ 1,324,720	\$ 1,136,085	\$ 968,413	\$ (201,549)	\$ (351,974)
DEBT SERVICE AS A PERCENTAGE OF NON-CAPITAL EXPENDITURES	3.8%	4.7%	5.0%	5.5%	6.2%	6.9%	7.1%	7.4%	7.1%	6.1%

CITY OF NEW CARROLLTON, MARYLAND
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCES
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Fiscal Year	Other Taxes	Property Taxes	Income Taxes	Highway User Taxes	Disposal		Hotel/Motel Taxes	Total
					Fee	Rebate		
2007	979	2,828,453	690,363	429,597	33,468		16,559	3,999,419
2008	3,673	3,252,270	772,735	392,111	33,468		53,044	4,507,301
2009	810	4,041,481	812,786	340,394	33,467		72,067	5,301,005
2010	1,217	4,124,973	793,887	40,301	33,468		72,507	5,066,353
2011	931	4,566,911	826,839	29,374	33,468		51,205	5,508,728
2012	1,584	5,149,146	836,249	87,113	33,468		62,399	6,169,959
2013	1,472	4,933,409	852,000	56,210	33,468		73,471	5,950,030
2014	1,534	4,964,559	869,426	199,449	33,468		70,265	6,138,701
2015	1,814	5,024,693	907,333	221,853	33,468		85,733	6,274,894
2016	1,487	5,026,989	987,785	253,550	33,468		126,887	6,430,166

Source: City's financial records.

CITY OF NEW CARROLLTON, MARYLAND
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Public Utilities		Total	
	Assessed Value	Direct Tax Rate (a)	Assessed Value	Direct Tax Rate (a)	Assessed Value	Direct Tax Rate (a)	Assessed Value	Direct Tax Rate (a)
2007	552,380,358	0.4500	30,108,723	0.94	4,162,872	0.94	586,651,953	0.48
2008	626,637,556	0.4500	31,067,660	0.94	4,469,362	0.94	662,174,578	0.48
2009	699,764,200	0.5000	31,472,000	1.00	4,137,700	1.00	735,373,900	0.52
2010	752,818,800	0.5000	26,298,410	1.00	4,928,180	1.00	784,045,390	0.52
2011	815,192,400	0.5000	25,449,900	1.00	4,973,950	1.00	845,616,250	0.52
2012	887,723,800	0.5000	25,742,940	1.00	4,978,280	1.00	918,445,020	0.52
2013	629,055,993	0.7136	28,028,700	1.00	4,820,150	1.00	661,904,843	0.73
2014	635,398,911	0.7121	27,406,740	1.00	4,930,940	1.00	667,736,591	0.73
2015	632,743,916	0.7059	25,892,270	1.00	4,725,550	1.00	663,361,736	0.72
2016	672,724,636	0.6652	25,691,810	1.00	4,974,510	1.00	703,390,956	0.68

(a) In dollars per \$100 of assessed value.

Real and personal property are assessed at 100% of estimated actual value.

Property owned by the City, other governments, churches and schools are exempt, and no estimate of value is included.

Source: Prince George's County Assessments' Office.

CITY OF NEW CARROLLTON, MARYLAND
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUE)
Last Ten Fiscal Years

Fiscal Year	Direct Rates			Overlapping Rates					Direct and Overlapping Total	
	Real Property ⁽²⁾	Personal Property ⁽²⁾	Railroads and Public Utilities ⁽²⁾	Prince George's County ⁽¹⁾	Storm Water Management ⁽¹⁾	State of Maryland ⁽¹⁾	Maryland-National Capital Park and Planning Commission ⁽¹⁾			Washington Suburban Sanitary Commission ⁽¹⁾
2007	0.4237	0.0482	0.0067	0.9245	0.0540	0.1120	0.2790	0.0260	1.8741	
2008	0.4258	0.0441	0.0063	0.9149	0.0540	0.1120	0.2790	0.0260	1.8622	
2009	0.4758	0.0428	0.0056	0.9066	0.0540	0.1120	0.2790	0.0260	1.9018	
2010	0.4801	0.0335	0.0063	0.8996	0.0540	0.1120	0.2790	0.0260	1.8905	
2011	0.4820	0.0301	0.0059	0.8998	0.0540	0.1120	0.2790	0.0260	1.8888	
2012	0.4833	0.0280	0.0054	0.9054	0.0540	0.1120	0.2790	0.0260	1.8931	
2013	0.6782	0.0423	0.0073	0.9028	0.0540	0.1120	0.2790	0.0260	2.1016	
2014	0.6776	0.0410	0.0074	0.8971	0.0540	0.1120	0.2790	0.0260	2.0941	
2015	0.6733	0.0390	0.0071	0.9019	0.0540	0.1120	0.2790	0.0260	2.0924	
2016	0.6362	0.0365	0.0071	0.9451	0.0540	0.1120	0.2940	0.0260	2.1109	

Source: (1) Prince George's County Department of Finance.

(2) City Records. The City direct rate has no components.

Note: In dollars per \$100 of assessed value.

CITY OF NEW CARROLLTON, MARYLAND
PRINCIPAL PROPERTY TAXPAYERS
Current Fiscal Year and Nine Years Ago
2016

Taxpayer	Type of Business	Assessed Value⁽¹⁾	Percent of Total Assessed Value
Fountain Club Apartments	Apartment Development	\$ 33,726,434	5.01
Norton Butler (Heritage Square Apts)	Apartment Development	29,619,167	4.40
Albert Turner	Shopping Center	27,787,667	4.13
Ritchbell Carrollton, LLC	Hotel Complex	19,873,100	2.95
Carrollton Limited Partnership	Shopping Center	18,623,300	2.77
Bryant Woods Ltd. Partnership	Apartment Development	11,437,700	1.70
Wedgewood Terrace Associates, Ltd.	Apartment Development	10,529,467	1.57
Decar Realty	Shopping Center	10,424,367	1.55
Wide Waters Group, Inc.	Commercial Construction & Development	7,895,067	1.17
Kim's Apartments Ltd. Partnership	Apartment Development	6,006,800	0.89
Virginia Brush, et al	Car Dealership	5,108,733	0.76
Total		\$ 181,031,802	26.91

2007

Taxpayer	Type of Business	Assessed Value	Percent of Total Assessed Value
Fountain Club Apartments	Apartment Development	\$ 18,972,832	3.43
Norton Butler	Apartment Development	17,413,699	3.15
Carrollton Limited Partnership	Shopping Center	17,062,932	3.09
Bryant Woods Ltd. Partnership	Apartment Development	10,313,633	1.87
Albert Turner	Shopping Center	9,374,699	1.70
Wedgewood Terrace Associates, Ltd.	Apartment Development	9,017,600	1.63
PWL Realty General Partners, Inc. (Michael, Norrie E.)	Hotel Complex	6,844,666	1.24
Decar Realty	Shopping Center	5,832,265	1.06
Virginia Luongo, et al	Car Dealership	4,072,199	0.74
Kim Apartments Ltd. Partnership	Apartment Development	3,555,700	0.64
Total		\$ 102,460,225	18.55

Source: Prince George's County Office of the Treasury:

(1) Assessed value equals 100% of total valuation.

CITY OF NEW CARROLLTON, MARYLAND
REAL PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 2,532,706	\$ 2,531,850	99.97	(14,599)	\$ 2,517,251	99.39
2008	2,819,869	2,779,210	98.56	37,331	2,816,541	99.88
2009	3,498,821	3,458,162	98.84	1,623	3,459,785	98.88
2010	3,800,530	3,766,668	99.11	20,805	3,787,473	99.66
2011	4,399,711	4,341,205	98.67	17,552	4,358,757	99.07
2012	4,671,202	4,668,798	99.95	(33,554)	4,635,244	99.23
2013	4,669,666	4,663,614	99.87	2,216	4,665,830	99.92
2014	4,708,541	4,695,430	99.72	7,581	4,703,011	99.88
2015	4,751,459	4,738,633	99.73	5,420	4,744,053	99.84
2016	4,759,297	4,750,679	99.82	-	4,750,679	99.82

Source: Finance Department.

CITY OF NEW CARROLLTON, MARYLAND
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Loans Payable	Total	Percentage of Personal Income	Per Capita
2007	1,245,421	684,728	1,930,149	1.94	150.58
2008	1,138,112	506,329	1,644,441	2.36	128.29
2009	1,024,356	512,230	1,536,586	2.53	119.88
2010	903,652	481,336	1,384,988	2.86	108.05
2011	776,000	572,560	1,348,560	2.98	111.13
2012	2,467,907	665,766	3,133,673	N/A	258.23
2013	2,355,537	448,292	2,803,829	N/A	231.05
2014	2,239,911	267,858	2,507,769	N/A	206.66
2015	2,120,484	126,261	2,246,745	N/A	179.54
2016	1,985,643	24,723	2,010,366	N/A	160.65

Source: City Financial records.

N/A: Not available currently.

CITY OF NEW CARROLLTON, MARYLAND
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	Population⁽¹⁾	Assessed Value	Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2007	12,818	586,651,953	1,245,421	0.21	97.16
2008	12,818	662,174,578	1,138,112	0.17	88.79
2009	12,818	735,373,900	1,024,356	0.14	79.92
2010	12,818	784,045,390	903,652	0.12	70.50
2011	12,135	845,616,250	776,000	0.09	63.95
2012	12,135	918,445,020	2,467,907	0.27	203.37
2013	12,135	661,904,843	2,355,537	0.36	194.11
2014	12,135	667,736,591	2,239,911	0.34	184.58
2015	12,514	663,361,736	2,120,484	0.32	169.45
2016	12,514	703,390,956	1,985,643	0.28	158.67

Source: (1) Official U.S. Census.

CITY OF NEW CARROLLTON, MARYLAND
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
For The Year Ended June 30, 2016

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to this Governmental Unit</u>	<u>Share of Debt</u>
Direct debt			
City of New Carrollton	\$ 2,010,366	100.00%	\$ 2,010,366
Overlapping debt ⁽²⁾ :			
Prince George's County ⁽³⁾	<u>1,517,576</u>	0.92% ⁽¹⁾	<u>13,962</u>
Total Direct And Overlapping Debt	<u><u>\$ 3,527,942</u></u>		<u><u>\$ 2,024,328</u></u>

⁽¹⁾ Rate of assessed real property value in the City (\$672,724,636) to assessed real property value in the County (\$72,938,139,400).

⁽²⁾ Overlapping debt is not debt of the City of New Carrollton on either a direct or contingent basis, but represents the share of debt of overlapping governmental entities which the residents of the City of New Carrollton are obligated to pay through direct tax levies of these respective governmental entities. The debts of Prince George's County, Washington Suburban Sanitary Commission, and Maryland-National Capital Park and Planning Commission are direct general obligation debts of the respective governmental entities for facilities to benefit citizens of the County as a whole, including those residents within municipalities. Facilities include schools, hospitals, police and fire departments, industrial park sites, community college, mass transit, storm drainage, control park land acquisition, etc., and the citizens of the City of New Carrollton benefit generally from their use.

⁽³⁾ Source of this information is the Prince George's County Department of Finance.

CITY OF NEW CARROLLTON, MARYLAND
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt limit (in thousands)	\$ 33,636	\$ 31,637	\$ 31,770	\$ 31,453	\$ 45,922	\$ 40,760	\$ 37,641	\$ 34,988	\$ 31,332	\$ 29,333
Total net debt applicable to limit (in thousands)	2,010	2,247	2,508	2,804	3,134	1,349	1,385	1,537	1,644	1,930
Legal debt margin (in thousands)	\$ 31,626	\$ 29,390	\$ 29,262	\$ 28,649	\$ 42,788	\$ 39,411	\$ 36,256	\$ 33,451	\$ 29,688	\$ 27,403
Total net debt applicable to the limit as a percentage of debt limit	5.98%	7.10%	7.89%	8.91%	6.82%	3.31%	3.68%	4.39%	5.25%	6.58%

Legal Debt Margin Calculation for Fiscal Year 2013

Fiscal year 2016 assessed value of taxable real property	\$ 672,724,636
Debt limit: 5% of assessed value	\$ 33,636,232
Amount of debt applicable to debt limitation	2,010,366
Legal Debt Margin	\$ 31,625,866

Note: Section 16(a) of the City Charter mandates a limit on the general borrowing authority, as summarized below.

Section 16 - General Borrowing Authority

- a. Authority and Limits - The Council may from time to time authorize the Mayor to borrow upon the faith and credit of the City for general administration purposes and payment of its obligations, and for financing municipal improvements or purchases of property, structures or equipment, and improvements authorized as benefit assessment projects, such sum or sums of money as may be necessary, provided that the total outstanding long-term indebtedness does not exceed at any time a total of five per centum (5%) of the assessed valuation of the taxable real property in the City.
- b. Approval of Borrowing - The Council is prohibited from borrowing money for any purpose, except for improvements for which a benefit assessment has been or will be levied to recover the entire cost of said improvements, unless first approved by a majority vote at a regular or special municipal election. If the money to be borrowed is to be used for more than one specific purpose, each such purpose and the amount of money proposed for each shall be listed as a separate question on the ballot.

CITY OF NEW CARROLLTON, MARYLAND
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population⁽¹⁾	Personal Income	Per Capita Income	Median Age	School Enrollment⁽²⁾	Unemployment Rate (%)⁽²⁾
2007	12,818	30,994,985	37,555	33	131,014	4.0
2008	12,818	32,761,012	39,447	33	129,752	4.1
2009	12,818	33,079,238	39,637	33	127,977	6.9
2010	12,818	34,302,938	39,647	33	127,039	7.4
2011	12,135	35,036,640	40,215	33	126,671	7.0
2012	12,135	N/A	N/A	33	123,833	6.8
2013	12,135	N/A	N/A	33	123,737	6.9
2014	12,135	N/A	N/A	33	125,136	6.2
2015	12,514	N/A	N/A	33	127,576	6.6
2016	12,514	N/A	32,637	34	128,936	4.8

Source: (1) Official U.S. Census.

Note: (2) This information is not available for the City of New Carrollton on a separate basis. The data presented above is the latest available data from Prince George's County, Maryland, which includes the City of New Carrollton, Maryland in its totals. The City of New Carrollton accounts for 1.6% of the population and 0.31% of the area of Prince George's County, Maryland.

N/A: Not available currently.

CITY OF NEW CARROLLTON, MARYLAND
PRINCIPAL EMPLOYERS
Current Fiscal Year and Nine Years Ago

2016	
Employer	Estimated Employees
Lowes Business	122
Shoppers Food Warehouse	109
Forman Mills, Inc.	70
Foodway International	70
Darcars	69
Metro Points	67
Value City Furniture	44
K & G Men's Company	37
Chipotle	30
CVS Pharmacy	30
Save Alot	19
Total	<u><u>667</u></u>

2007	
Employer	Estimated Employees
Lowes Business	167
Shoppers Food Warehouse	143
New Carrollton	139
K & G Men's Company	65
National Warehouse Liquidators	55
Foodway International	53
CVS Pharmacy	43
Staples	42
Total	<u><u>707</u></u>

Source: Amounts are estimates generated from correspondence with the companies.

CITY OF NEW CARROLLTON, MARYLAND
FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government	11	13	10	11	14	18	17	19	19	15
Public Works Administration	8	9	6	6	6	5	5	5	6	6
Public Safety – Police	22	26	25	24	24	21	19	14	14	13
Public Health Code Enforcement	4	5	5	6	6	5	5	5	5	5
Highways	4	4	4	4	3	3	5	5	4	5
Sanitation	10	11	11	11	11	11	10	11	11	11
Parks and Recreation	8	8	9	10	10	10	10	10	10	10
Total	<u>67</u>	<u>76</u>	<u>70</u>	<u>72</u>	<u>74</u>	<u>73</u>	<u>71</u>	<u>69</u>	<u>69</u>	<u>65</u>

Source: City financial records.

Method: Using 1.0 for each full-time employee (FTE).

**CITY OF NEW CARROLLTON, MARYLAND
OPERATING INDICATORS BY FUNCTION/PROGRAM**

Function/Program	Last Ten Fiscal Years									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Information:										
Population ⁽¹⁾	12,514	12,514	12,135	12,135	12,135	12,135	12,818	12,818	12,818	12,818
Registered voters ⁽²⁾	6,984	6,979	6,964	6,062	5,984	5,892	5,770	6,082	5,219	5,508
General Government ⁽³⁾ :										
Commercial construction permits issued	-	-	-	2	2	3	5	2	-	5
Residential construction permits issued	199	53	56	62	107	117	121	124	119	170
Estimated value of construction (000's)	-	-	413	1,130	423	1,127	1,245	1,240	1,190	1,508
Public Health and Safety ⁽⁴⁾ :										
Criminal arrests	281	331	205	160	225	519	172	145	267	276
Parking violations	3,004	3,874	3,495	4,224	3,553	1,970	2,086	1,602	1,378	682
Traffic violations	5,337	6,679	6,694	5,500	4,500	5,763	1,128	1,122	1,370	1,782
Calls for service	14,949	14,862	10,527	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Organized outreach events	4	16	23	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Highway safety initiatives	46	6	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Apartment complex mgmt ptsh checks	3,650	1,300	298	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Business partnership checks	1,060	730	2,240	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Civil citations issued	12	67	9	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Homicide	1	1	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rape	1	1	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Robbery (all)	16	16	15	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Carjacking	1	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Assaults	48	40	40	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Burglary (all)	44	32	58	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Theft	115	88	103	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Theft from auto	84	134	98	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Stolen auto	41	40	50	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Recovered stolen auto	17	23	12	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CDS violations	83	75	52	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sanitation: ⁽⁴⁾										
Co-mingled (tons/day)	18	18	14	13	12.75	12.50	12.50	12.50	12.50	12.50
Parks and Recreation:										
Athletic field permits issued	-	-	-	101	103	99	101	97	93	97
Highways: ⁽⁴⁾										
Street resurfacing-miles	-	-	1	1	0.91	0.15	0.10	0.25	0.75	1.25
Potholes repaired	100	105	N/A	177	143	167	145	132	128	123

(1) http://www.census.gov/popest/data/cities/totals/2013/files/SUB-EST2013_24.csv

(2) Prince George's County Board of Elections

(3) New Carrollton Police Department

(4) New Carrollton Public Works

N/A: Data currently not available.

CITY OF NEW CARROLLTON, MARYLAND
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Information:										
Area in square miles	1.55	1.55	1.55	1.49	1.49	1.49	1.49	1.49	1.49	1.49
Public Health and Safety – Police:										
Stations	2	2	1	1	1	1	1	1	1	1
Number of patrol units	20	18	18	18	16	16	15	13	13	13
Highways:										
City streets (miles)	25	25	25	25	25	25	25	25	25	25
State streets (miles)	4.2	4.2	4.2	1	1	1	1	1	1	1
Street lights	577	577	577	577	577	577	577	577	577	577
Recreation and Culture:										
Park acreage	27.86	27.86	27.86	27.86	27.86	27.86	27.86	27.86	27.86	27.86
Parks	8	8	8	8	8	8	8	8	8	8
Museums	-	-	-	-	-	-	-	-	-	-
Swimming pools	1	1	1	1	1	1	1	1	1	1
Jogging course	1	1	1	1	1	1	1	1	1	1
Community centers	2	2	2	2	2	2	2	2	2	2
Performance arts	-	-	-	-	-	-	-	-	-	-
Tennis courts	2	2	2	2	2	2	2	2	2	2

Source: City financial records.
N/A: Data currently not available.